

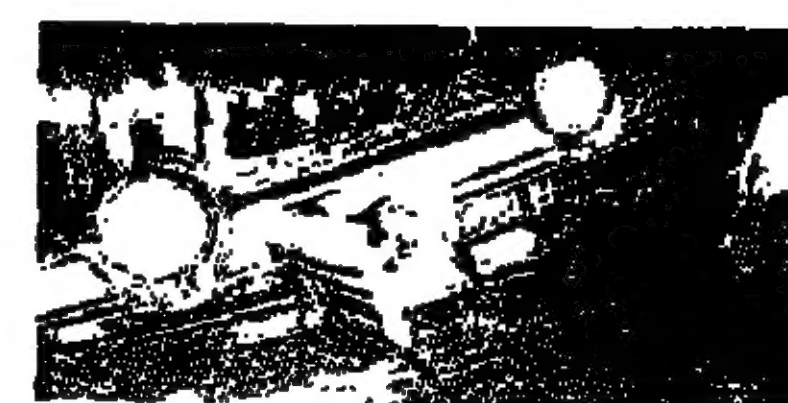


Japanese jobs
Women bear the
brunt of recession
Page 6

Roman revolution
Privatisation
Italian style
Page 15



Dear and in demand
Biodegradable
plastics
Page 6



Bulls in China shock
Why Shenzhen has gone
wild over shares
Page 13

NEWSPAPER
of THE YEAR

FINANCIAL TIMES

Wednesday August 12 1992

EUROPE'S BUSINESS NEWSPAPER

DB523A

US group buys stake in Polish paper company

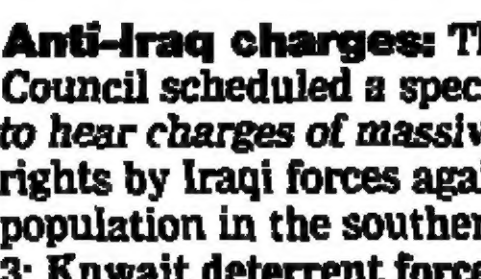
International Paper, US forest products group, announced its first venture in eastern Europe with the acquisition of an 80 per cent stake in Poland's second-biggest paper manufacturer. International Paper will pay \$120m for its stake in Kwidzyn Pulp and Paper Company and will invest a further \$175m over the next four years as part of a programme to modernise and expand the company and improve product quality and environmental controls. Page 14

Share promises Angry investors were promised by officials in the southern Chinese city of Shenzhen that they would get another chance to enter a lottery for new share issues after rioting broke out on Monday night over alleged corruption in allocating application forms. Page 14; Impasse or impetus on the road to reform. Page 13; Tokyo's private investors shun lure of shares. Page 14

Boipatong tapes erased: Thirteen hours of tape recording of police radio calls during the afternoon and night of the June 17 Boipatong massacre were accidentally erased, a senior police officer told a judicial commission. Page 3

Polly Peck hopes A mainly Mexican investor group has agreed to pay \$499m for PFI Del Monte Fresh Produce, the fresh fruit side of Polly Peck International, the fruit and electronics conglomerate which collapsed in 1990. The deal represents the last hope of securing a large amount of cash to pay the group's 23,000 creditors. Page 15

Dame Kiri boosts record company profits PolyGram, one of the world's top three music companies, announced a 16.3 per cent increase in interim profits, helped by an improvement in north America and strong sales from recording artists such as Dame Kiri te Kanawa (left) and Elton John. Alain Levy, chief executive, said the results were pleasing, especially as European markets were affected by recession. Page 15



Anti-Iraq charges: The United Nations Security Council scheduled a special session last night to hear charges of massive violations of human rights by Iraqi forces against the country's Shia population in the southern marshlands. Page 3; Kuwait deterrent force likely. Page 3

UK trade alert: The Confederation of British Industry warned of damage to UK trade links with the US if Washington adopted laws aiming to raise more taxes from foreign companies operating in the US. Page 4

US profits: In the US retail sector J.C. Penney, the large department store group, and The Limited, specialty retailer, both reported second-quarter after-tax profits of about \$30m. However Penney said sales of autumn goods were "particularly encouraging", while The Limited called its results "disappointing". Page 17

Degussa, German metals, chemicals and pharmaceuticals company, reported pre-tax profits up 15 per cent to DM164m (\$121m) in the nine months to June and said it expected the benefits of a restructuring and cost-cutting plan to show through in the final quarter. Page 16

China crash: At least 16 people were killed when a helicopter carrying Japanese tourists in China crashed on the outskirts of Beijing.

Fokker, Dutch aircraft maker in which Deutsche Aerospace of Germany is to take a 51 per cent stake later this year, blamed higher interest charges for a 37.5 per cent decline in first-half profits and for an expected fall of more than 50 per cent in full-year results. Page 15

Speaker accused: A lawsuit has been filed against Henri Emmanuelli, speaker of the French National Assembly, for alleged misuse of public funds in his capacity as a local politician, judicial sources said.

Space launch: China will try again on Friday to launch an Australian satellite, five months after a fire halted the last attempt and threatened to undermine its efforts to offer such commercial services. Page 4

Contract awarded: A Mexican consortium headed by Grupo ICA has won a contract to build a 340km toll road from Mexico City to Guadalajara, at a cost of \$1.2bn in what is the biggest such contract ever awarded in the country. Page 4

STOCK MARKET INDICES			
FT-SE 100	2,308.6	(-16.1)	
Yield	5.18		
FT-SE Eurotrack 100	1,044.92	(-0.78)	
FT-A All-Share	1,099.87	(-0.74)	
Nikkei	14,822.95	(-243.78)	
New York Composite	417.88	(-1.54)	
Dow Jones Ind. Ave.	3,325.97	(-11.61)	
S&P Composite	417.88	(-1.54)	
US LUNCHTIME RATES			
Federal Funds	3 1/4		
3-mo Treas. Bill Yld	3.18%		
Long Bond	107 1/2		
Yield	7.35%		
LONDON MONEY			
3-mo Interbank	18 1/4	(10 1/4)	
Life long gth future	97 1/2	(Sep 97 1/2)	
NORTH SEA OIL (Argus)			
Brent 15-day (Sept)	\$18.6	(19.675)	
Gold			
New York Comex (Aug)	\$347.3	(350.4)	
London	\$348.85	(350.5)	
Tokyo close	Y 127.51		

Austria	S&B30	Hungary	F1182	Malta	Lm50	S. Arabia	SPR 00
Bahrain	Dm1 000	India	INR 100	Morocco	MDM11	Singapore	SGD 10
Belgium	BF 100	Indonesia	RP 100	Netherlands	FL 100	Spain	PT 100
Cyprus	CCP 100	Israel	NIS 100	Norway	NKR 100	Sweden	SKr 10
Czech	Kcs35	Italy	Lira 100	Switzerland	CHF 100	Thailand	THB 100
Denmark	Dkr 100	Japan	Yen 100	Taiwan	NT\$ 100	Turkey	Lira 100
Egypt	EGP 100	Korea	Won 100	Philippines	PHP 100	UAE	Dhs 100
Finland	Fmk10	Russia	RUB 100	Portugal	Esc 100	Qatar	QR 100
France	FFr 100	Saudi Arabia	SAR 100	Greece	Dr 100		
Germany	DM 100	South Africa	Rand 100				
Greece	Dr 100						

Bush backs \$10bn loan guarantees for Israel

By Roger Matthews, Middle East Editor, in Washington

THE transformation in relations between the US and Israel governments was officially sealed yesterday with President George Bush "enthusiastically" recommending that Congress grant \$10bn in loan guarantees to the Jewish state.

Mr Bush described his two-day meeting with Mr Yitzhak Rabin, Israel's prime minister, as "a consultation between close friends and strategic partners".

The US relationship with Israel was characterised by "trust, warmth and a commitment to meeting common challenges. This is strategic co-operation at its very best," said Mr Bush, who reaffirmed the US pledge to maintain Israel's qualitative military edge over its neighbours. After the press conference outside Mr Bush's holiday home at Kennebunkport in Maine, the two leaders flew together to Washington where Mr Bush was due to seek congressional approval for the loan guarantees, needed by

Israel to finance housing for immigrants from the former Soviet Union.

The administration had refused an earlier request from the government of Mr Yitzhak Shamir, defeated in the June general election, until Israel stopped building new settlements in the occupied Arab territories.

Mr Bush praised Mr Rabin's approach to the issue and said it had taken a lot of courage to impose a ban on new Jewish housing in the territories.

The president declined to give

details of the loan guarantees agreement deal but said discussions had gone beyond the broad outlines. He was convinced that the agreement was not just in the interest of Israel but also of the US people.

Mr Bush said he had also been persuaded by Mr Rabin of the new Israeli government's determination to make Middle East peace negotiations succeed. "I call upon the Arab parties to respond in kind," Mr Bush said. "The time has come to make peace, not simply to talk of it."

Peace negotiations between Israel, the Palestinians, Jordan, Syria and Lebanon are scheduled to resume in Washington on August 24 when Israel is expected to make a series of proposals for granting the Arabs in the West Bank and Gaza a degree of autonomy.

Criticised for his cautious approach to the crisis in Bosnia-Herzegovina and challenged by President Saddam Hussein's partial rejection of UN ceasefire resolutions, Mr Bush clearly revelled in yesterday's opportunity

to demonstrate a foreign policy success.

Mr Rabin praised Mr Bush's leadership during the Gulf war and expressed personal gratitude to Mr Bush for helping Jews emigrate from Ethiopia and the Soviet Union. "This role will not be forgotten," he declared.

But he also reminded Mr Bush of Israel's concern over the human tragedy in Bosnia. "The killing must stop," he said.

Bush denies allegations, Page 4
Editorial comment, Page 12

Central banks step in to prop up dollar

By Peter Norman and James Blyth in London

CONCERTED intervention by the world's leading central banks yesterday halted the dollar's decline but failed to give the US currency much of a lift.

As many as 15 central banks bought dollars for D-Marks in what appeared to be a determined effort to establish a floor for the US currency.

Mr Johann Wilhelm Gaddum, a member of the Bundesbank's policymaking central council, said the buying was initiated by the US Federal Reserve. The intervention began as the dollar was heading down towards DM1.461 in quiet lunchtime trading in Europe and continued during more than three hours of afternoon trading.

Analysts thought the central banks, which included the Bundesbank, the Bank of England and the central banks of France, Switzerland, Italy, Canada and Spain, bought more than \$500m.

The intervention, however, was less effective than the most recent bout of concerted official support on July 20 when a similar number of central banks bought about \$400m at about DM1.447.

Yesterday's action pushed the dollar up quickly by about 1 1/2 pennings to leave it hovering around DM1.47 in late European trading. By contrast, July's intervention boosted it by 5 pennings to DM1.497.

A senior US Treasury Department official said yesterday's action was a sign that the US and other members of the Group of Seven leading industrial countries did not wish to depreciate the dollar. However, statements by other policy makers gave less support to the US currency.

The dollar softened after Mr Gaddum said there was no firm dollar exchange rate that the Bundesbank would commit itself to defend through intervention.

Mr Nicholas Brady, the US treasury secretary, was quoted by news agencies as telling a political gathering in Scottsdale, Arizona, that the US did not have a policy to cheapen the dollar. But any support provided by this remark was offset by Mr Brady's saying later that there was "no reason why (US) interest rates shouldn't be lower".

Analysts speculated that the Fed intervened to prop up the dollar for fear that it could start a free fall if it dropped through its previous record low of DM1.443, established in February 1991.

Although there are few signs of inflationary pressure in the US at present, such a decline could pose risks for the future. Of more pressing concern could be the fragile state of world

Continued on Page 14
Tokyo's private investors shun lure of shares, Page 14
Editorial comment, Page 12
London stocks, Page 23
Currencies, Page 30
World stocks, Back Page
Section II



An ethnic Serb soldier takes cover during fighting with Croat-Muslim forces near Konjic, eastern Herzegovina

Serbia opens up Bosnian camps for inspection

By Judy Dempsey in London and Laura Silber in Banja Luka, north-west Bosnia

SERBIA yesterday bowed to international pressure by opening up some detention camps in Bosnia-Herzegovina and by allowing greater access to some towns and cities in the former Yugoslav republic for humanitarian relief supplies.

But there were reports that "ethnic cleansing" operations were still in progress in some areas.

Ms Sylvana Foa, a spokeswoman for the United Nations High Commission for Refugees (UNHCR), said aid convoys for Bosnia were getting through to their destinations faster and easier. "Once these people have realised how outraged the world community would be by the sight of people starving to death, that had a major impact, probably more than even the threat of the use of force," she added.

However, the Serb move to lessen the grip on some areas is also aimed at pre-empting any international military intervention, the threat of which is contained in a UN draft resolution. It is expected to be presented to the Security Council today by Britain, France and the US.

It also indicates a growing confidence on the part of Serb lead-

ers that their forces have achieved most of their aims in Bosnia. Mr Radovan Karadzic, head of Bosnia's Serbs, said yesterday his forces had already achieved their aims, implying that he was now in a position to co-operate fully with the UN.

"We have everything. We now control 70 per cent [of the terri-

tory of Bosnia] But we only claim 61 per cent. All we need now is a negotiated settlement," he said in an interview.

A spokesman for the UNHCR yesterday warned that Serbs were still expelling Bosnia's Muslim community, which make up 43 per cent of the 4.3m-strong population.

The official said about 20,000 Muslims would be forcibly deported from the region around Bihac, north-western Bosnia, to neighbouring Croatia as part of Mr Karadzic's plan for "ethnic cleansing" of those parts of Bosnia under Serb control.

"This is certainly the biggest

group that the Serbs have tried to push out of Bosnia."

The UN draft resolution calls on all states to take "all measures necessary to facilitate, in co-ordination with the UN, the delivery of humanitarian assistance to Sarajevo, and wherever needed in other parts of Bosnia-Herzegovina". The resolution also demands unimpeded and continuous access to all camps, prisons and detention centres.

UN diplomats said they expected support from most of the permanent and non-permanent members of the Security Council, although Russia, a traditional ally of Serbia, yesterday showed signs of distancing itself from supporting UN sanctions imposed on Belgrade last May. It also refrained from condemning the existence of detention camps in Bosnia.

Moreover, the neutral and non-aligned group of countries, once led by the former Yugoslavia, are divided about the resolution. Some Muslim nations want a tougher resolution, while traditional supporters of Serbia deny that Belgrade is solely responsible for the war in Bosnia.

In London, Mr Thomas Niles, US assistant secretary of state for European and Canadian affairs, said he hoped the adoption of the

Continued on Page 14

De Beers predicts 'significant' cut in final dividend

By Philip Gawth in Johannesburg

DE BEERS, the South African-controlled diamond group, yesterday predicted a "significant reduction" in its final dividend - only the second dividend cut in its recent history.

De Beers also said it would take the unusual step of introducing from September quotas on diamond producers. The two moves together suggest that the world diamond market is in a weaker state than many observers had believed.

De Beers' share price fell sharply in Johannesburg on the news, finishing the day 6 per cent lower at R68.50 (R73). The share has fallen by 24 per cent in the past two months.

Under the new quotas, contractual obligations of the Central Selling Organisation (CSO) - the De Beers organisation which markets about 80 per cent of the world's rough diamond production - to take delivery of diamonds will be reduced by 25 per cent.

De Beers has followed a policy of not cutting its dividend. The company said it had reassessed the outlook for the diamond market because of lower CSO sales. This resulted partly from weaker than expected economic performances in its three main markets - the US, Japan and Europe - leading to lower retail jewellery sales and hence lower rough diamond sales.

The market weakness was exacerbated by a "dramatic increase" in the supply of illicit diamonds from Angola, some of which were sold on to the market outside of the CSO.

The group's interim figures released yesterday for the six months to June were weak but in line with market expectations.

Combined attributable earnings of De Beers and Centenary, its offshore arm, fell by 28 per cent to \$330m from \$446m in 1991. The surprise came with the revised forecast for the second half. Although the board had initially predicted that its second half would be better than in 1991, it said yesterday that that the second half might be worse than the first half.

Lex, Page 14
De Beers loses sparkle, Page 17
Markets, Back Page Section II

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NEWS: EUROPE

"We should all sit down and make peace... We control 70%. But we only claim 64%."

Serbs mop up in war-torn Bosnia

By Laura Silber in Banja Luka, north-western Bosnia-Herzegovina

"YOU see what a big country we have. It took nine hours for me to get to Banja Luka by car," says Mr Radovan Karadzic, the leader of the self-proclaimed Serbian Republic of Bosnia.

"We have a functioning government. We have everything. All we need now is a negotiated settlement," he says, sitting on a dark balcony of the Hotel Bosna in Banja Luka, seat of the republic.

Mr Karadzic rejects an offer from a Serb official to order the city hospital to switch off its generator so that the hotel can get power.

Candles, and the blue flash of light from a passing armoured personnel carrier, cast shadows on the Serb leaders and soldiers in camouflage uniforms. There is an air of celebration in the hot night. The Serb leaders are noisily swapping stories, after arriving from towns where communications have been knocked out by the war. They appear oblivious to the bursts of automatic weapons fire.

A confident Mr Karadzic says he is ready to have an "all-for-all" prisoner exchange. He blames the delay on Mr Alija Izetbegovic, the president of Bosnia, who he says refuses to accept the offer. Mr Karadzic does not mention that the Muslim Slav

prisoners have no home to return to. They have been destroyed. Mr Karadzic, who politically describes himself as "a leader of the centre," says he is ready for a peaceful solution in Bosnia.

"One day we should all sit down and make peace in the Balkans, even give up some territory," he says, adding: "We now control 70 per cent. But we only claim 64 per cent as ours."

Mr Karadzic says he is ready to make peace because he knows that Serbs, who make up less than one-third of the 4.35m population, have succeeded in carving out their own republic in Bosnia.

The political reality is that Bosnia-Herzegovina no longer exists. Mr Karadzic appears unconcerned about western military intervention. "It would be a bloody big mess - with no clear political goals," he says.

Banja Luka, a 195,000-strong city in north-western Bosnia, is surrounded by villages, some of which have been devastated. Houses have been razed to the ground. Serb forces and local government officials have driven out Muslims and Croats. Houses which have been dynamited, the walls standing, but the roof blown off, bear witness to the process of ethnic cleansing.

To reach Banja Luka from Pale, Mr Karadzic's mountain stronghold just east of Sarajevo, drivers travel



through corn fields and along dirt roads. Along the way, Serbian army soldiers check identity documents. Crowds of women refugees stand on the roadside under the blazing sun waiting for a passing car to take them to an unknown destination.

Many villages have no electricity or telephone lines with the outside world. Soldiers all Serb men and many women have been mobilised - sit and drink beer, waiting for the war to end.

Battles between Serbs, on one side,

and Croats and Muslims on the other, are still taking place around Brcko, once a town of 87,000 people, which is north of Sarajevo, near the border with Croatia.

Amid a barrage of gunfire, a 19-year-old blond soldier says: "The Ustaše [Croat militia] are just over the bridge."

Brcko's centre has been looted, the houses burnt out. Walls of standing buildings are riddled with bullet holes. A road sign bearing arrows to Sarajevo, Zagreb and Belgrade has

been crossed out and shot at. In their place, are signs, hand-printed in large black Cyrillic letters. As if to erase the past, the point to Banja Luka and Belgrade, Serbian capitals.

Mr Karadzic proudly points out that the Serbian Republic of Bosnia has its own currency. The notes bear the Serbian symbol of the two-headed white eagle.

"We dropped the communist symbols, and adopted a real Serbian symbol, not like Belgrade," he boasts.

The charm of this bushy-haired Serb leader, a psychiatrist and poet, stands in stark contrast to the senseless destruction and deaths of some 10,000 people in the four-month war in Bosnia.

Indeed, local Serbs are outraged at allegations that Serbs are operating concentration camps. A soldier tells how Serbs would never open death camps because hundreds of thousands of Serbs, Jews and gypsies during the second world war were killed in an Ustaše concentration camp, operated by pro-Nazi Croats.

But prisoners in the Serb-run Manjaca detention camp, about 20km from Banja Luka, appeared cowed. Some are very thin and dressed in old and ragged clothes.

On a visit to the camp, Mr Paddy Ashdown, leader of Britain's opposition Liberal Democratic party, said: "This is not a death camp. This is

not a concentration camp. It is a prisoner of war camp."

Manjaca is surrounded by barbed wire. Signposts warn that the area has been mined. Colonel Bozidar Popovic, the camp commander, blames the United Nations sanctions for food, medical and other shortages which the prisoners have to endure. A soldier says: "It is war. What do you expect. But the prisoners have better conditions than many of our boys at the front."

Col Popovic says: "I can personally guarantee that the conditions here are 90 per cent better than Izetbegovic's camps for Serbs."

But a prisoner, who identified himself as Hovazic, said he had been transferred three days previously from Omarska, where televised scenes of painfully thin prisoners last week shocked the world.

"It was cruel. They broke our ribs," said Hovazic. He is from Kozarac, a village near Prijedor where the camps are centred.

Mr Karadzic says it costs \$3,000 (£1,570) a day to feed the 3,500 prisoners in Manjaca. He adds that this is a burden on the republic which must now start improving its economy. He offers to pay the bill for visiting foreign journalists.

Hotel workers shrugged sceptically. One weary woman shakes her head and says in a cynical voice: "Sure Karadzic will pay."

Threat of a French summer of discontent

THE threat of a summer of discontent looms in France with the dockers stopping their industrial action by calling a national strike today and disgruntled farmers renewing their protests against the European Community's agricultural reforms. Alice Rawsthorn reports from Paris.

The dock strike will be the second national stoppage at France's ports this week. The dockers have staged intermittent protests throughout the summer against new legislation which involves job losses and radical changes in their employment status.

Today's stoppage has been called to protest against an incident in Dunkirk on Monday when 12 dock workers were held by police for questioning about alleged vandalism to the port over the weekend.

Meanwhile French farmers yesterday stepped up their protests. More than 100 farmers occupied the agriculture ministry's regional office at Auch in the Gers region demanding the right to put their case to Mr Pierre Bérégovoy, the French prime minister.

The demonstration broke up after Mr Bérégovoy agreed to see them next Wednesday.

Italy appoints new Mafia-buster

The delay in appointing a head for Italy's new Mafia-busting "super-magistrature" has finally ended with the nomination of Mr Giuseppe Di Gennaro to the post, Haig Shuman reports from Milan.

In a surprise nomination, Mr Di Gennaro, 68, a supreme court judge best known for his former work for the Vienna-based drug-fighting arm of the United Nations, is to take the position on a temporary basis pending the appointment of an official head later this year. Mr Di Gennaro's experience includes supervising Italy's prisons, a task which led to his kidnapping in 1976 and made him a terrorist target in the 1970s.

EC go-ahead for steel venture

EC competition authorities yesterday gave the go-ahead to two joint ventures in the steel and telecommunications sectors, reports Andrew Hill in Brussels.

The European Commission has cleared Northern Telecom of Canada to proceed with its Ffr700m (\$140m) investment in Matra Communications, the telecommunications division of Matra, the French defence electronics group.

Brussels also cleared Pchney Electrometallurgie, a subsidiary of the French steel company, to combine its cordless wire operations with those of SKW, which belongs to the German conglomerate VAG.

CIS living standards fall

Living standards and production throughout the Commonwealth of Independent States are plunging sharply, according to figures produced by the CIS statistical committee, writes John Lloyd in Moscow.

The figures show national income for the CIS states down by more than 18 per cent for the first six months, compared with the same period in 1991. In Armenia, which is fighting neighbouring Azerbaijan, national income was down 63.4 per cent of the previous year. In Moldova, where a civil war raged for much of the early part of 1992, it was down to 72.1 per cent.

Production declines of between 12 and 20 per cent were recorded for almost all products in almost all states.

US demands action on human rights

By Frances Williams in Geneva

THE US has called for all those violating international humanitarian law in the former Yugoslavia and elsewhere to be named and brought to justice.

In a strongly-worded speech to the United Nations Human Rights Commission, Mr Morris Abram, US ambassador to the UN in Geneva, said yesterday many such crimes fell within the jurisdiction of domestic courts or military courts-martial. "Trial before an international tribunal is another possibility," he said.

Mr Abram, a veteran civil rights campaigner on the team at the Nuremberg War Crimes Tribunal, said countries were reluctant to take effective action against those abusing human rights.

"The standards and laws are out there, all that is required is action - in particular, action against those who commit acts of genocide and torture," he said.

Mr Abram was speaking ahead of a two-day session of the Human Rights Commission, which starts tomorrow on human rights violations in the former Yugoslavia and Bosnia-Herzegovina.

A US-drafted resolution to be put to the 53-member Commission, which has support from other, so far mostly Western, countries, condemns "widespread, massive and grave violations" of fundamental human rights and the practice of "ethnic cleansing." It calls for

appointment of a special rapporteur to investigate abuses, the immediate release of all those arbitrarily detained and immediate access for the International Committee of the Red Cross to all detention camps and prisons.

The resolution also reminds countries of their obligations

"Countries are reluctant to move against those abusing human rights"

under international humanitarian law, in particular that individuals are responsible for their actions and that states are accountable for rights violations committed by their agents on another state's territory. This would pave the way for action against Serbia for atrocities in Bosnia-Herzegovina.

Mr Laurent Fabius, leader of France's ruling Socialist party, yesterday urged the European Community "to act to stop the massacres" in Bosnia-Herzegovina by using "aerial intervention" against the Serbs. Alice Rawsthorn reports from Paris.

Mr Fabius, former prime minister and close confidant of President François Mitterrand, said action was "absolutely indispensable but not enough on its own." He praised the UN draft resolution but said it did "not go far enough."

M and S supplier identified

By Daniel Green and John Thornhill

DEWHIRST, a UK textiles company, was yesterday identified as the supplier in a contract to make clothes in Serbia for Marks and Spencer, Britain's biggest retailer.

Dewhirst has paid about £750,000 to Genex, the Belgrade-based foreign trade company, to make children's school blouses and shirts. Genex is controlled by Mr Slobodan Milosevic, the Serb leader.

Dewhirst exported raw materials to the factory in the Serbian town of Ivanjica. Although imports from Serbia are prohibited under UN Resolution 757, the Department of Trade and Industry has issued an import licence to Dewhirst because the raw materials were not of Serbian origin.

The contract from Dewhirst, long an M and S supplier, was signed two years ago.

The contract expires this week. M and S said: "We will not be sourcing from Yugoslavia in the future."

Russians say Serbian concentration camps a myth

By Leyla Boulton in Moscow

TWO prominent members of the Russian parliament who have just returned to Moscow from the former Yugoslavia yesterday described reports of concentration camps there as "myth".

One of them, Mr Yevgeny Ambartsumov, the chairman of parliament's international relations committee,

spoke out against United Nations sanctions against Serbia on the grounds it created greater suffering for ordinary people.

With parliament on holiday and public opinion largely indifferent to events in the former Yugoslavia, Mr Ambartsumov's comments are unlikely to carry much immediate weight. But they are symptomatic of moves to break away

from an exclusively pro-western orientation in Russian foreign policy.

Yesterday the foreign ministry expressed "surprise" that a UN draft resolution authorising the use of all means to ensure the delivery of humanitarian aid to Bosnia had been drawn up without Russia's participation.

The ministry said it should have involved at least four per-

manent Security Council members, and not just the three western members.

But reports from New York later suggested Russia would co-sponsor the resolution agreed by the US, France and Britain on Monday.

The Russian comments coincided with a visit to Moscow by Mr Douglas Hogg, minister of state in the British Foreign and Commonwealth Office. He

said Russia would react "sympathetically" to a request to send troops to Yugoslavia to accompany convoys of humanitarian aid.

Mr Hogg confirmed that London would be sending a team of UK customs experts to Romania to help authorities tighten up on potential breaches of international sanctions.

Zurich stalls in effort to rewrite highway code

Drivers draw battle lines and give the hard shoulder to proposed car-free zone, writes Ian Rodger

ZURICH's socialist-green coalition, in control of the city for the past six years, has been one of the most aggressive in Europe in its attempts to discourage the use of cars. Its experiences are sobering for other cities considering traffic curbing measures.

Zurich's traffic engineers have built bewildering one way mazes, raised speed bumps everywhere and eliminated vehicle lanes in favour of more space for bicycles, trams and pedestrians.

The council has financed an efficient new commuter train network to the suburbs and the council has banned the creation of new parking places in the city.

Recently, it has taken to removing existing parking places by stealth. Hardly a week goes by without a few street parking places being replaced overnight by bollards and trees.

This summer, the council has resorted to trying to provoke feelings of guilt - mounting posters on the outskirts of the city, shouting "Zurich Ozone" (Too Much Ozone), imploring people to abandon their cars and use trams or bicycles in the city.

The most significant gain is that the city has a wonderful public transportation system, with smooth trams that roll for the most part unimpeded on

reserved lanes, and whose drivers have the power to turn traffic lights in their favour.

The system is also extremely successful, winning some 300m passengers a year within a population basin of little more than half a million.

But the use of cars for commuting into the city has continued to rise. According to the town council, the number of

European Diary



Switzerland

cars registered in the city has risen from 130,000 in 1986 to 141,000 last year.

In addition, the number of motor units (a measure which reduces lorries to car equivalents) coming into the city every day averages 474,000, roughly 150,000 more than the city's population.

Perhaps the biggest failure of the programme is that it has riled the city's business com-

munity to the extent that several attempts to enlarging downtown pedestrian areas have been stymied.

The businessmen favour more pedestrian precincts but insist that parking places lost in the greened streets be replaced one for one in adjacent streets or with new multi-storey car parks. The town council insists that the operation must be used to reduce further the total number of parking places available.

The council has twice proposed closing off the whole centre of town to cars for the summer months, but this has been rejected by the Conservative cantonal government as impractical.

"They imagined barriers - rather like Checkpoint Charlie - with every car driver being checked to see whether he had a personal parking space in the centre or if he was a doctor on an errand of mercy," says Mr Hans Georg Lühinger, the recently retired president of the Zurich Vereinigung (chamber of commerce).

The chief strategist of Zurich's war on cars is its councillor for transport, Mr Rudolf Aeschbacher, who makes no apologies for his aggressive approach. A cycling enthusiast, he believes there is simply no point in trying to satisfy the driving fraternity.

"We have to reduce the



actual ability of people to drive in and to town. If you keep facilities at the same level, people will stay in their cars," he says.

He points to one main artery entering the city from a motorway where the city deliberately reduced the capacity from two lanes to one. "We immediately had a 35 per cent reduction of traffic coming in. We wanted to do it on other arteries, but

the cantonal government overruled us.

"When it becomes less attractive to drive into town, people will start taking the train," he states. Thus, he refuses to improve the road system. "We say that we cannot afford to have a good public transport system and a very good road system. The road system should only be big enough for things that have to

be done with a car, and my view is that probably only 30 to 40 per cent of what is being done now in cars is necessary."

Mr Aeschbacher's policies have ignited so much anger among Zurich's middle classes that they have given unexpected staying power to a fringe political organisation called the Automobile Party.

The party was created in 1985 in response to a short-lived national anti-car campaign by Greens, but it still claims 8,000 active members and has eight seats in the federal parliament and two in the Zurich cantonal government.

Mr Michael Dreher, president of the party's federal parliamentary group, gives no corner to Mr Aeschbacher. "We think a car should be either moving or parked, not looking for a parking space. The right to choose your means of travel is a basic human right."

In Mr Dreher's view, the chamber of commerce and Mr Lühinger are "softies" and the Zurich anti-car policy based on a misconception.

"Zurich has the cleanest air of all European cities. In 1988, they tried to tell us that the forests were dying because of cars. They were lying. Now they tell us about the green-house effect. Sober common sense in this country has disappeared."

Far from being distressed about this political force, Mr Aeschbacher seems to like it. "Now we know for how many people cars are the absolute priority. It is five to six per cent of the vote. If we did not have that party, we would not know."

Mr Aeschbacher also has some unexpected allies. Last spring, Nissan Motor launched a promotion in which any purchaser of a new Nissan car would get a year's pass on the Zurich public transportation system, worth SFr1,328 (£524.90) for only SFr190.

"Going by tram is okay and going by car is okay. It is a matter of getting the proportions right and using moderation," Nissan and the Zurich public transport authority said in their joint advertisement.

Even the cantonal government may be moving its way. Recent research by its statistical department confirmed that it was proving very difficult to pull Zurich's rich suburban commuters out of their BMWs and Mercedes.

The researchers concluded that the only solutions were slower roads and fewer parking places. "As long as a driver can arrive at his destination in a reasonable time and find somewhere to park, there is no way he is going to change his habits," they said.

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Tokyo share values at six-year low

By Gordon Cramb in Tokyo

THE TOKYO stock market yesterday fell below the 15,000 level of the Nikkei index, sending share values to their lowest since March 1985 and prompting renewed government efforts to buoy sentiment.

At a morning flurry of ministerial press conferences - after reportedly heated cabinet discussions - it was announced that measures to provide indirect support to the market were under consideration. However, this was not concrete enough to draw buyers back into the market. The Nikkei average of 235 leading companies, on the decline for four sessions in a row, ended 243.78 points lower at 14,822.58.

Mr Tsutomu Hata, finance minister, held out the prospect of help to financial institutions in unwinding problem loans. Land held by them as collateral could be included in government purchases of sites for future public works projects, he suggested.

Mr Hata has been under fire from within the ruling Liberal Democratic party over his ministry's allegedly tardy response to weakness in the economy and property and equity markets. This prompted calls by Mr Kichii Miyazawa, the prime minister, for ministries to put aside sectional interests in formulating autumn measures to stimulate growth.

News on the economy yesterday remained negative. The Economic Planning Agency (EPA) said private sector machinery orders for June, excluding those placed by the shipping and electric power industries, were down 19.2 per cent from a year earlier and 3.2 per cent below the May figure. Analysts had been hoping for a month-on-month upturn.

The EPA forecast that machinery orders would be up 9 per cent in the current quarter compared to the April-June period, which had shown a 17.9 per cent fall against the previous three months. This would, however, still leave order levels 14.3 per cent below the third quarter of last year.

In another measure of a sluggish manufacturing sector, June use of electricity by Japanese industry, according to preliminary figures from the Ministry of International Trade and Industry, was down 2.3 per cent from the same month of 1991. It was the fourth month in a row that demand had fallen.

Mr Kozo Watanabe, the MITI minister, said the structure of Japanese industry had to be strengthened and went as far as disclosing that his staff had given up their summer holiday to prepare such measures.

Mr Robert Feldman, economist at Salomon Bros in Tokyo, said: "The government has begun some serious work on fiscal support, but it's a few months too late."

Stock market turnover moderated slightly to 190m shares from Monday's 200m, and some comfort was drawn from a slowing in the steep slide by Nippon Telegraph and Telephone, the market leader. NTT shares closed at ¥465,000 (£1,914), another record low, but the fall of ¥2,000 was modest compared with a ¥4,000 plunge the previous day.

Mr Hideo Watanabe, posts and telecommunications minister, hinted that the semi-privatised utility might be allowed to diversify. He added that the ministry was also considering using income from its postal savings and life insurance services to invest in equities. See Editorial Comment

Kuwait deterrent force likely

By Tony Walker in Cairo

HASTILY ARRANGED visits this week to Egypt and Syria by Sheikh Salem al-Jaber, the Kuwaiti foreign minister, have fuelled speculation that the Gulf emirate may be ready to accept the presence of an Arab deterrent force on its soil to counter renewed Iraqi threats.

Sheikh Salem said on his arrival in Damascus yesterday that his talks with his Syrian counterpart and with President Hafez al-Assad would focus on Iraq's "false claims" and also its challenge to security council ceasefire resolutions.

In defiance of UN resolutions, Baghdad used the August 2 anniversary of Iraq's 1990 invasion of Kuwait to renew its claim to the tiny emirate, thereby raising fresh tensions throughout the Gulf. Egypt and Syria have been pressing for the implementation of the Damascus declaration of March 1991, which laid out a programme of economic and security co-operation between the two powerful



Message to Baghdad: US marines in exercise Eagle Mace storm "enemy" positions 35km from the Iraqi border. Some 600 marines are involved

Arab states and the six members of the Gulf Cooperation Council - Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Oman and Bahrain. Under the accord, signed in the aftermath of the war, Egypt and Syria would supply troops to the Gulf to deter further aggression in return for financial assistance, including investment in their lagging economies. However, after the declaration was signed, the Iraqi threat receded and the Gulf states were unable to agree on deployment of a deterrent force. Several GCC

members expressed reservations out of concern for a semi-permanent presence of Arab troops on their soil. Egypt and Syria were part of the US-led multinational force which expelled Iraq from Kuwait in February 1990. Both expressed irritation over the

Gulf states' apparent reluctance to implement the accord. Sheikh Salem said implementation of the accord would be discussed at a meeting of Gulf foreign ministers in Qatar on September 9. Defending delays in the implementation of the Damascus declaration, he said: "If there was a postponement it was due to special circumstances and not to disbelief in the principle of the declaration. We all have full agreement on the declaration with all its security, economic and political sides."

Sheikh Salem said: "If there was a postponement it was due to special circumstances and not to disbelief in the principle of the declaration. We all have full agreement on the declaration with all its security, economic and political sides."

UN told of extensive human rights violations by Iraq

By Michael Littlejohn, UN Correspondent, in New York

THIS United Nations Security Council was scheduled last night to hold a special session to hear charges of massive violations of human rights by Iraqi forces against the country's Shia

population in the southern marshlands. The Council was expected to consider despatching UN observers to the area to maintain continuous monitoring but this would require Baghdad's co-operation.

Mr Max van der Stoep, a former Dutch foreign minister now serving

as a UN rights investigator, recommended in an interim report last week that "some credible mechanism" be established to ensure that the Iraqi government halted the repression. Acting alone and making occasional visits to the country, he could not himself adequately fill that role. A

positive response by the government to the proposal would indicate a commitment to stop the violations and refusal could only increase fears that the attacks would continue.

Mr van der Stoep, who was to testify at the Council meeting, said there was convincing evidence of heavy shelling

of Shia villages. Measures to stem the assaults were "of utmost urgency."

The western powers accused Iraq of ignoring a 16-month-old Council resolution condemning mistreatment of civilians and called for an end to all repression, including human rights violations against Kurds.

News on the economy yesterday remained negative. The Economic Planning Agency (EPA) said private sector machinery orders for June, excluding those placed by the shipping and electric power industries, were down 19.2 per cent from a year earlier and 3.2 per cent below the May figure. Analysts had been hoping for a month-on-month upturn.

Taped evidence of SA massacre lost

By Michael Holman in Johannesburg

THIRTEEN hours of the recording of police radio calls during the afternoon and night of the June 17 Botswana massacre were accidentally erased, a senior police officer told a judicial commission yesterday.

Maj Chris Davidson, the police officer investigating allegations of security force complicity in the massacre of 42 township residents, said that all calls to the regional internal stability unit between 2pm on June 17 and 3am the next day had been accidentally erased by the person on duty.

Maj Davidson was testifying before the Goldstone commission of inquiry into political violence, sitting in Vereeniging, near Johannesburg. Mr Justice Goldstone ordered that the tapes be submitted to the commission.

Witnesses from the township

have alleged that armoured police cars had shelled off the township's residents and that some were taken to the hotel after the massacre in which 42 people were killed.

Maj Davidson said that his investigation left him satisfied that the security forces were not implicated.

South African government ministers were due to meet a delegation from the Pan Africanist Congress (PAC) at a Johannesburg hotel last night. The meeting, the second this year, is expected to include discussion of possible PAC participation in constitutional talks, currently suspended but expected to resume soon.

The PAC has refused to join the Convention for a Democratic South Africa (Codesa), the forum for negotiations, insisting that talks should take place outside South Africa, under neutral chairmanship.

Public sector liability for Egypt

Tony Walker examines a reluctance to overhaul state industries

WHEN Mr Lewis Preston, the World Bank president, visited Egypt last month to review economic reforms, he urged quicker progress in the key area of structural change and warned of dangers of the country falling behind in its commitments.

"A great deal has been achieved, but a great deal remains to be done," he said. "Time is of the essence. It is crucial that the momentum of economic reform be maintained to realise sustainable growth as soon as possible."

Behind Mr Preston's words lie fears among international Monetary Fund and World Bank officials that Egypt, having made an exemplary start in fiscal and monetary reform, will falter when it comes to overhauling its crumbling, but politically sensitive, public sector which accounts for some 70 per cent of industrial activity.

Officials say that Egypt is too cautious in determining state-owned enterprises for rationalisation and divestiture and in initiating sell-offs to private investors.

They blame entrenched bureaucratic interests such as those represented by the General Authority for Investment (GAFI), for the laggardly approach to structural reform. One official observed that "perhaps the most constructive thing we could do would be to dynamite GAFI."

"The reality is that they have to create 600,000 jobs a year. Their export of labour is getting to the point of saturation. They need growth and that requires new private sector investment," said a western economist.

"What is required is for the private sector to reach a critical mass of confidence and start investing in employment-generating activities, and that clearly is not happening."

An IMF official says lack of progress on liberalising the public sector should not be judged too harshly, since Egypt had embraced one of the "more courageous" austerity programmes put forward by the Fund for less developed countries.

It has curbed growth in the money supply; brought the deficit under control, reaching an IMF target of 7 per cent of GDP in 1991/92; reduced subsidies on



a wide range of items; markedly improved its balance of payments; stabilised its currency; and built up a healthy Central Bank reserve of about \$37bn.

The World Bank, which set aside some \$300m of a Structural Adjustment Loan and an additional \$100m to help cushion redundancies, is worried that once momentum slows, it will be difficult to regenerate. Hence Mr Preston's warnings.

An increase in Islamic extremist agitation has made the ultra-cautious Egyptian authorities even more nervous about structural reforms which may cause redundancies and risk unrest in the streets.

The government, through its newly-created Public Enterprise Office (PEO), has identified 20 enterprises, either wholly state-owned or joint ventures, for privatisation. These small to medium-sized enterprises in areas such as cement, food processing, textiles and chemicals are being evaluated some under a scheme funded by the United States Agency for International Development.

A representative of the PEO defines the privatisation criteria for Egyptian enterprises: "They must be profitable, medium-sized, not governed by too many regulations; they must have minimal labour problems, be non-strategic, attractive to investors and pose no environmental hazards."

This would seem to rule out,

for the time being, the state-dominated financial sector, including banks and insurance companies, the national carrier EgyptAir, and heavy manufacturing industries.

Potential investors and aid donors remain sceptical of a new public sector law designed to facilitate privatisation. Concerns persist that the law, which groups Egypt's industrial enterprises in 37 holding companies, adds another layer of bureaucratic control, making divestiture and rationalisation even more difficult.

Likewise, bankers and local businessmen warn that while new capital markets and banking regulations will improve the regulatory environment, bureaucratic attitudes are impeding progress towards a more liberal economy.

A prime example is a proposed paper mill in Upper Egypt, using the cane residue from local sugar refineries. The project, vital to an Egypt almost totally dependent on imported paper, has been caught up in unaccountable bureaucratic delays since the mid-1980s, defying central efforts to impose a solution.

The episode stands as an extremely bad advertisement for Egypt's claims that it craves foreign investment in employment and wealth-generating local industries.

Both the IMF and World Bank in their combined efforts, to keep Egypt on the straight

and narrow path of reform, will be engaged in further consultations throughout the rest of the year. The IMF, whose 18 month stand-by agreement with Egypt expires in November, will begin talks next month on new arrangements.

A fund official said one option was to conclude an enhanced structural adjustment facility (ESAF), under which concessional finance would be available for structural change to complement the World Bank programme. Egypt's May 1991 standby agreement was restricted to balance of payments support.

There would seem to be few serious impediments to Egypt reaching agreement with the Fund so it can continue debt rescheduling in line with last year's agreement with the Paris Club of creditor nations. A 50 per cent reduction in Egypt's \$300m debt to its Paris Club creditors is being achieved mainly through phased interest rate cuts. Total foreign debt stands at about \$40bn.

The World Bank, which has disbursed half of a \$300m structural adjustment loan, is seeking further trade liberalisation, including tariff cuts, and accelerated public sector reforms before releasing the second tranche. Bank officials say there is no timetable for the release of the second tranche.

Mr Abdul Mohamed, an expert on relief in the famine-plagued Horn of

Brussels urges UN troops for Somalia relief

By Julian Ozanne in Nairobi

THE European Commission yesterday joined the call for an urgent United Nations military intervention in Somalia as UN officials in Mogadishu said they were nearing agreement with the warring warlords on the arrival of armed UN guards to protect relief operations.

The Commission said the EC's 12 member states should immediately put pressure on the UN to ensure food and medical supplies were protected by a "greater number of blue berets. Without protection," the Commission said, "international organisations and non-governmental organisations face strict limits on their activities."

According to the Commission, UN intervention is now "extremely urgent". The Commission also said it could unlock funds to assist with greater humanitarian action.

Aid workers say the security situation and massive looting and banditry make it impossible to distribute food to the most malnourished. Gen Mohamed Farrah Aided, one of the warlords who controls the south of Mogadishu, has consistently blocked the intervention of foreign troops, saying it threatens the sovereignty of Somalia.

However, a senior UN official in Mogadishu said yesterday that Ambassador Mohamed Sahnoun, the UN secretary-general's special representative in Somalia, was close to getting Gen Aided's agreement for a limited military intervention to secure the port and international airport in Mogadishu and perhaps to establish safe food corridors. "It's looking much better and we could have an agreement within 48 hours," he said.

In Nairobi, Mr Abdul Mohamed, an expert on relief in the famine-plagued Horn of

Africa, said on his return from Somalia that Gen Aided's acceptance of UN troops would be welcome but that the international community should not wait for his approval.

"The international community has already waited for much too long; thousands of women and children have died," he said. "It is absolutely immoral for the UN and the world to listen to warlords who fail to feed their people or provide basic law and order. A massive, unprecedented aid effort is required in Somalia now, with or without approval of the bandits who masquerade as legitimate leaders."

A UN mission is now in Somalia considering how to improve delivery of massive food aid. They will report to the secretary-general by the weekend. Their report will form the basis of further action by the Security Council.

A leading African organisation also criticised yesterday the poor efforts of the international community to alleviate the plight of millions of starving Somalis.

Ms Rakiya Omar, the executive director of Africa Watch, said: "The world is only acting now on Somalia because of intense media and public pressure. They have known about the tragedy for months and their record is a disgrace."

Ms Omar said Somalia had been completely overshadowed by Bosnia because Somalia had no strategic significance in the international community.

Supporting the belated European Commission call for intervention Ms Omar urged the international community to dispatch urgently at least a limited number of armed UN guards.

Ms Omar also urged Britain to use its presidency of the EC to argue for a massively increased aid effort.

NEWS IN BRIEF

Lamrani named as Moroccan premier

KING HASSAN of Morocco yesterday named Mr Mohammed Karim Lamrani, 72, as the country's prime minister, Renter reports from Rabat.

Mr Lamrani will lead a 28-member government appointed to supervise elections due later this year. A prominent economist and businessman who served as prime minister in 1971 and 1984, Mr Lamrani replaces Mr Azizeddine Laraki, 63, whose centrist government was dismissed by the king on Monday after being in office for seven years.

Taiwan reverses loan move

The state-owned Bank of Taiwan has reversed its decision to stop providing loans for investment in China following heavy pressure from the local business community. Renter reports from Taipei.

The bank, which is Taiwan's largest, had announced on Monday it would refuse applications from local companies for loans to invest in China and suspend all remittances of funds there in an attempt to reduce capital outflows.

Odinga suspended by party

Kenya's main opposition FORD party yesterday on the verge of a total split suspended one of its squabbling factions announced the suspension of veteran leader and Interim Chairman Jaramogi Odinga Odinga, Renter reports from Nairobi.

Just six months after it was legalised, FORD is divided on how to select a candidate to face President Moi and the ruling KANU party in the country's first multi-party elections in 28 years.

Kashmir elections postponed

The Indian government yesterday said it would extend federal rule in the troubled province of Kashmir for another six months, shelving plans to hold elections for the state assembly, Renter reports from New Delhi.

Mr Shankarrao Chavan, the home minister, said in parliament that the situation in the region, where Muslim militants are fighting for independence from India, was not conducive to the holding of elections.

Cambodia budget approved

The legislature of the Phnom Penh administration yesterday approved a state budget for the rest of the year, Renter reports from Phnom Penh. Provisional figures for the first six months showed a budget deficit, with expenditure from January to June 1992 of 104.118bn (664m) riel against revenue of 48.437bn riel. The assembly also passed legislation on foreign investment, foreign exchange, labour, accountancy and taxation for hotel rooms.

Philippine shipyard sale

PHILIPPINE National Oil Company (PNOC), the state-owned energy group, has finalised plans to auction off its 10-year-old shipyard under a privatisation programme, Jose Galang writes from Manila.

The shipyard, which has an aggregate capacity of 31,500 gross revenue tons spread over a 22.9-hectare facility at Batangas Bay just south of Manila, will be sold for at least

420m pesos (\$9.1m). It is owned by PNOC Dockyard and Engineering Corporation, a subsidiary of the state enterprise.

The sale of the shipyard, along with several other assets in the coming months, will allow PNOC to concentrate on its energy business, an official said.

Invitations to bid are due to be announced in the next few days, PNOC said yesterday.

Currency slide adds to Australian woes

By Emilia Tagaza in Canberra

AUSTRALIA'S fragile economy was yesterday shaken by the fall of the Australian dollar to a three-year low. It fell to 73.1 US cents in the Australian market, despite intervention from the Reserve Bank.

While the slide was triggered by gloomy retail trade figures announced by the government

statistics bureau, markets have also been made nervous by rumours of a budget deficit of \$16bn (\$5bn) in 1992-93, and of another cut in interest rates.

The government is committed to allocating more funds for job-creating programmes in the 1992-93 budget. This is in addition to a \$2.2bn spending programme announced in February which has so far failed to

alleviate unemployment, which stood at 11 per cent in July. The \$2.2bn programme, allocated over two years, helped push last year's budget deficit to around \$8.4bn.

The government is now banking on favourable growth figures being released tomorrow and is confident that growth of 2 per cent was achieved in 1991-92. This would

mean a budget deficit of \$13bn-\$14bn.

The government is hoping for a big revenue-raising boost, in the shape of the planned sale of Qantas, Australia's international flight carrier. Mr Ralph Willis, minister for finance, yesterday said the government was to press ahead with the airline sale to raise over \$1bn during the year.

NEWS: AMERICA

Clinton offers gain through pain

An embattled Bush is attacking Democrats' economic plans, writes Michael Prowse



AS THE Republican party prepares for its convention next week, a top priority is to find a way to regain the economic policy. Republicans, like British Conservatives, have traditionally seen economic management as one of their electoral strong suits.

This year nothing is going according to plan. Instead of recovering strongly, the economy is wallowing in its third successive year of quasi-recession. To add to this frustration, Governor Bill Clinton, the Democratic presidential candidate, has seized the initiative with a detailed economic plan emphasizing the need for more investment in education, training and infrastructure.

After a few weeks of disarray the Bush administration is beginning to formulate a response. The main line of attack - reminiscent of that used by the Tories against Labour in the British election - is to depict Mr Clinton as an irresponsible proponent of higher taxes, spending and government regulation.

The strategy is to cast doubt both on Mr Clinton's record as governor of Arkansas and his plans for the nation. Vice-President Dan Quayle has accused Mr Clinton of raising taxes and

fees in Arkansas 128 times in 11 years. The Clinton campaign argues the true figure is about 55, and points out that Mr Quayle has overlooked the 48 tax cuts passed by Mr Clinton.

There is perhaps more mileage in attacking Mr Clinton's economic plan. Mr Dick Army, the top Republican on Congress's joint economic committee, this week bitterly attacked his proposals, claiming that higher taxes and a sweeping array of new regulations would lead to 1.8m job losses next year and more than 3m over a Clinton presidency.

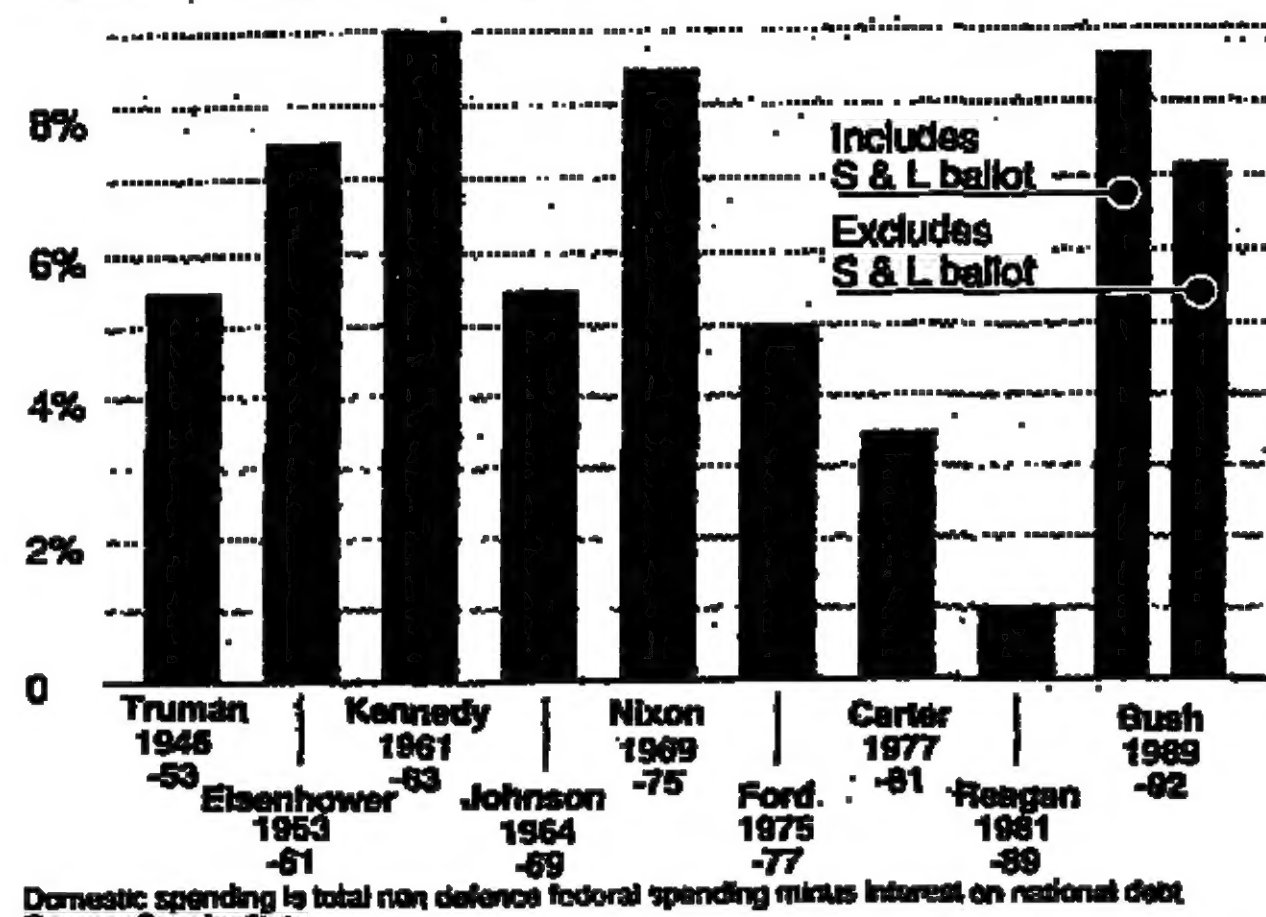
Mr Clayton Yeutter, a top White House aide, said the Democratic package would result in a \$300bn (£157bn) budget deficit in 1996, about 50 per cent higher than projected on current Republican plans.

Democrats immediately claimed the charges were a deliberate misrepresentation of Mr Clinton's proposals.

The Democrats, however, are vulnerable in one respect. Like Mr Neil Kinnock, the former leader of the UK Labour party, Mr Clinton has committed himself to raising taxes on the wealthy. He hopes to raise \$92bn over four years by increasing taxes on the top 2 per cent of earners and by imposing a special millionaire's surtax. This is to be balanced by minor tax cuts for many middle-income families.

Republicans argue that higher taxes on the wealthy

Average annual real domestic spending increases



Domestic spending is total real domestic federal spending minus interest on national debt. Source: Cato Institute

will depress growth next year and directly cost about 440,000 jobs. They are also trying to undermine confidence in Mr Clinton's health care, training and environmental proposals.

On health care, for example, Mr Clinton supports a version of the "play or pay" reform advocated by congressional Democrats under which companies would be required to insure all employees or to contribute towards the cost of an expanded federal scheme for the low paid. To improve workforce skills, Mr Clinton argues that all employers should be required to spend 1.5 per cent of payroll on training.

The Republicans say both policies amount to the imposition of new taxes on employers and thus will lead to more unemployment.

This is not necessarily true: given the flexibility of US labour markets, the burden could be borne in lower wages. But it is hard for Democrats to deny that policies intended to improve long-term competitiveness could impose extra short-run costs on some businesses.

How the Republican critique will play with voters remains uncertain. At present President George Bush is labouring under two big disadvantages. His record is poor. He has

presided over the slowest economic growth and the biggest federal deficits of any administration since the second world war. Federal domestic spending has grown at an annual rate of more than 8 per cent in real terms, the fastest since the Kennedy administration of the early 1960s. Mr Bush can hardly attack Democrats as big spenders.

Even worse, he still has no clear economic strategy. Conservatives are urging him to promise swinging cuts in income and capital taxes in a second term. But a revival of the 1980s supply-side nostrums would make a nonsense of Mr Bush's recent support for a controversial constitutional amendment to balance the budget. After 12 years in which the federal debt has quadrupled to \$4,000bn, nobody would believe he could both slash taxes and eliminate the deficit.

Against this backdrop Mr Clinton has the advantage of offering something genuinely new. The heart of his cure for a debilitating slowdown in US productivity growth is a shift of spending from consumption to investment, with special attention to workforce skills and infrastructure.

Given the economic disillusionment of recent years, Democrats hope that voters may find such a strategy more plausible than the quick fixes of the last decade, even if it involves some sacrifices.

Claims likely to sour presidential campaign

Angry Bush denies allegations of affair

By Jurek Martin in Washington

PRESIDENT George Bush yesterday angrily denied he had an extra-marital affair with his former appointments secretary eight years ago in Switzerland.

Asked at a press conference with Mr Yitzhak Rabin, the Israeli prime minister, for his reaction to a New York tabloid newspaper report on the alleged affair, he snapped back: "I'm not going to take any sleazy questions like that from CNN. I am very disappointed you would ask such a question of me."

He went on: "I will not respond to it. I haven't responded in the past. I am outraged but nevertheless in this kind of screwy climate we're in I expect it. But I don't like it and I'm not going to respond other than to say it is a lie."

Mrs Barbara Bush, who was at the press conference, merely

said that "fortunately" she had not seen a copy of the newspaper, the New York Post.

Earlier Ms Mary Matalin, the Bush campaign's combative political director, as good as accused the Democratic party of being responsible for the story's publication. "They've been peddling this trash book to reputable newspapers for years," she said.

The account, spread over front and inside pages, was lifted directly from a footnote in a new book about power brokering in Washington. In it the husband of the author, Ms Susan B. Trento, reports a 1986 conversation with Mr Louis Fields, the former US ambassador to arms negotiations in Geneva, who died in 1988. This purportedly described Mr Fields arranging a tryst for the then vice-president with the aide, Ms Jennifer Fitzgerald.

Rumours of Mr Bush's liaison have been the stuff of cocktail party gossip in Washington all year. Earlier accusations of

marital infidelity against Mr Bill Clinton, now the Democratic presidential candidate, first published in a supermarket tabloid, had induced US news organisations to try to find out if there was substance to the Bush reports. None has published independently confirmed evidence.

The most obvious impact on the presidential campaign is to make it that much dirtier. The widespread assumption had been that more "revelations" of Mr Clinton's private life were in the offing.

Much will depend on how the US media treats the latest developments. Its mainstream elements have agonised over the extent to which they went along with the unsubstantiated allegations against Mr Clinton by Ms Jennifer Flowers and her tabloid paymasters, and may thus treat with disdain the New York Post's equally unembellished reprinting of a six-year-old private conversation with a dead man.

Californian compromise budget fails

By Bernard Simon in Toronto

THE California legislature, agonising over the largest US state's desperate finances, has failed to pass a compromise budget. Reuter reports from Sacramento, California has been without a budget since June 30, when Governor Pete Wilson and members of the legislature could not agree on a solution to bridge a \$10.7bn (\$5.6bn) spending gap.

The legislature held a rare Sunday evening session to debate a \$57.6bn compromise budget, seeking deep cuts in state spending and education. But the measure was not backed by Republicans on Monday.

"I think the situation may be irreconcilable," Mr John Vasconcellos, a Democratic member of the assembly, said.

Canada near decision on constitution talks

By Bernard Simon in Toronto

MR Brian Mulroney, Canada's prime minister, and his cabinet are expected to decide today whether to call a full-scale constitutional conference, in the hope of concluding negotiations on the country's political future.

The conference, which would probably take place next week and be attended by leaders of all 10 provinces, two territories and aboriginal groups, would be a last-ditch effort to bridge differences remaining between Quebec and the rest of the country.

Mr Robert Bourassa, Quebec's premier, has indicated he would attend, after boycotting national-unity negotiations for the past two years. He said after an informal meeting with

Mr Mulroney and the other premiers on Monday that there were "some attitudes [and] proposals which clearly have a purpose to take into account the priorities of Quebec".

Mr Bourassa is committed to holding a national-unity referendum in Quebec by the end of October. He would like to have a deal in place by then which could be presented to Quebecers as the best way for the Francophone province to gain extra powers while remaining part of the federation.

The latest initiative comes barely a month after the nine English-speaking provinces cobbled together a package of constitutional proposals which they hoped would find favour in Quebec. But Mr Bourassa has indicated he cannot accept some key elements.

Durán warns on reforms

NEW Ecuadorean President Sixto Durán Ballén (right) acknowledges his supporters after arriving at the congressional palace for his inauguration on Monday.

Mr Durán warned that the country would suffer more sacrifices from planned free-market reforms designed to bolster the economy. Reuter reports from Quito. He added that Ecuador would open the doors of the state-run petroleum industry and seek foreign investment and ventures to boost reserves scheduled to run out in 12 years.



NEWS: WORLD TRADE

CBI warns US against harming British trade

By David Dodwell, World Trade Editor

THE Confederation of British Industry (CBI) yesterday warned of damage to UK trade links with the US if Washington adopts laws aiming to raise more taxes from foreign companies operating in the US.

Mr Howard Davies, CBI director-general, has told Mr Nicholas Brady, US treasury secretary, and key Congressmen that proposed tax changes "strike at the heart of long-standing international tax principles underpinning successful free trade and investment around the world". The proposals were "conceptually flawed, unworkable in practice, and discriminatory".

Britain is the biggest foreign investor in the US, with holdings of \$56bn. Mr Davies said the proposed new taxes would have "distorting implications for British investment in the US, and US investment in the UK". Retaliation could not be ruled out.

The proposed US measures, some in a draft bill put to Congress in May and endorsed by Mr Bill Clinton, Democratic presidential candidate, are prompted by suspicions that foreign companies artificially lower their US profits by manipulating transfer prices with their US-based subsidiaries, in an apparent bid to cheat the Internal Revenue Service (IRS).

They are intended to raise new revenues without taxing US voters more heavily. Mr

Dumping appeal by Norsk Hydro

By Karen Fosell in Oslo

NORSK HYDRO, Norway's biggest publicly quoted company, said yesterday it would appeal against a US International Trade Commission (ITC) decision to levy tariffs on magnesium exports from its Canadian plant to the US.

The ITC ruled that unfairly low-priced pure and alloy magnesium exported to the US from Norsk Hydro's Becancour plant was damaging the US magnesium industry, with production subsidised through cheap energy prices from Hydro Quebec, the Canadian electricity producer. Hydro Quebec is not part of the Norsk Hydro group.

In July, the US Commerce Department cleared Norsk Hydro of allegations of dumping magnesium from Norway in the US. The new ITC ruling seeks a 21.6 per cent countervailing duty on Norsk Hydro's Canadian pure and alloy magnesium exports to the US, with a 32.33 per cent dumping duty on pure magnesium. The company will appeal against the ITC decision at a panel under the US-Canada Free Trade Agreement, and believed it would prevail.

Norsk Hydro wanted a review of the countervailing duty rate, taking into account an amendment to an electricity deal signed this week with Hydro Quebec. The new contract met all criteria spelled out in a July decision for risk and profit-sharing electricity contracts not to be subject to countervailing duties.

"This should allow elimination of the 14 per cent part of the countervailing duty erroneously attributed to the electricity contract," Norsk Hydro said. The review should be completed before the year ended. In July, the company said the Commerce Department had accepted its offer to renegotiate power-supply contracts with Hydro Quebec and repay some \$230m of provincial investment funds from Canada and Quebec to establish its Becancour plant. Since the charges were made last September, Norsk Hydro has cut output to half the Canadian plant's 45,000-tonne-a-year capacity.

China prepares to launch Australian satellite

CHINA will try again to launch an Australian satellite on Friday, five months after a fire halted the last attempt and threatened to undermine its efforts to offer such commercial services, Daniel Green writes.

Also hoping for success are BellSouth of the US, Cable and

Wireless of the UK and the Mayne Nickless group of Australia, members of the Optus consortium owning the satellite. The consortium has paid \$200m (£77m) to buy, launch and insure the satellite, to provide pay TV for Australia and New Zealand.

The satellite, Optus B1, was

built by Hughes Aircraft, part of General Motors. The rocket vehicle is the Long March 2E, a converted ballistic missile. A technical fault in the first stage of a Long March-2E rocket on March 22 caused a shutdown of its motors shortly before lift-off, aborting the programme. The failure raised

doubts about China's ability to enter the world of commercial satellite launchers. The market is dominated by the US (General Dynamics, McDonnell Douglas and Martin Marietta) and Europe (Arianespace).

Success for China would give it a lead over the other likely new entrant, Russia. Commer-

cial launches by Japan and India are several years away. Optus B1 is to join the company's three-satellite network, the Optus A series, in orbit over Australia, servicing Australia and New Zealand. The second B-series satellite is set to be taken into orbit by a Chinese rocket in December.

Caricom discord over customs union

Canute James looks at internal differences over an external tariff

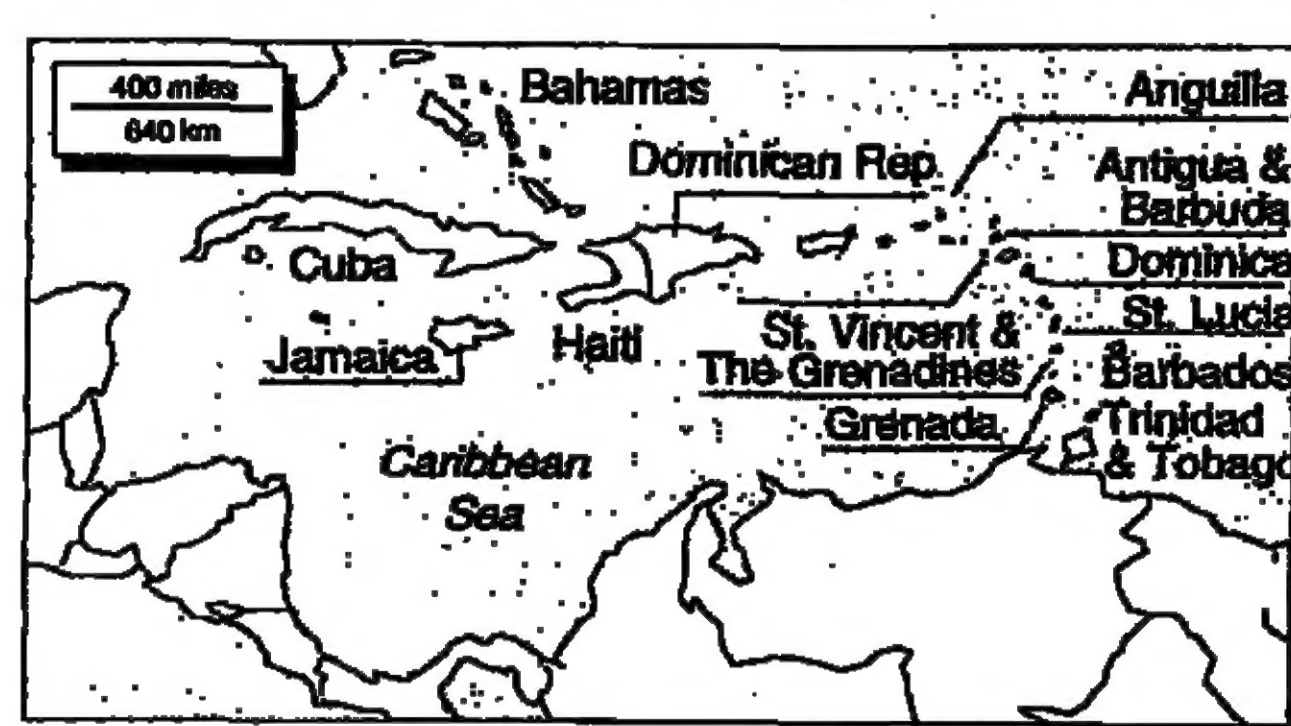
GOVERNMENTS of the Caribbean Community (Caricom) have decided to review the common external tariff amid indications that the controversial rates will be lowered.

At their recent annual summit in Trinidad, the leaders were faced with the prospect that their increasingly frustrated efforts to create a regional common market in two years could be made more difficult unless a customs union is established.

Despite several deadlines for its implementation, four Caricom members have refused to impose the tariff, saying it would be inflationary and damage fledgling light industries in need of protection.

The ground-level difficulties have been exacerbated by criticism of Caricom's tariff levels from the US, the World Bank and the International Monetary Fund. This, coupled with unfavourable comparisons of tariffs being used or proposed by other regional groupings, has left governments concerned that the Caribbean Community could become uncompetitive with exports and investments if no changes were made to the common tariff.

Caricom, which has a market of 5.5m people, comprises 13 English-speaking countries of the region, including Belize in Central America, the Bahamas, and Guyana in South America. It was established in 1973



with the aim of strengthening the economies of its members through increased regional trade and a common approach in trade negotiations with third countries.

All members except the Bahamas, which is not a signatory of the trading agreements, have said they would implement the common tariff.

The common external tariff imposes low rates of duty on imports which do not compete with goods produced within the community, but it sets high rates on any imports which are likely to injure domestic industry.

The highest rate of duty within the community is 45 per cent and the lowest 5 per cent, replacing a structure in which tariffs ranged from 5 per cent to 70 per cent.

Rates differ according to whether the imports are raw materials or finished products. Imported agricultural products

attract the highest rate of tax in order to protect local agriculture, while inputs for agriculture, such as fertilisers and seeds, are subject to very low tariffs.

The Jamaican government has proposed that the highest level be reduced to 20 per cent but some Caricom members consider this too drastic, claiming there is still need for protection in some sectors.

The review ordered by the heads of government will be completed in time for an extraordinary summit at the end of October. It is widely expected that the highest tariff will be cut to 30 per cent, with an agreed timetable for further reduction.

"Caricom cannot have a common tariff implemented by some members and not by all," said Mr P J Patterson, Jamaica's prime minister. "High tariffs are out of step with global

trends and inconsistent with the mood of the international marketplace."

This opinion is shared by his St. Lucian counterpart, Mr John Compton, who argued: "Industry cannot develop as a hot-house flower, artificially protected by high tariffs and quantitative restrictions. Industry must become efficient and not only compete in the domestic market, but seek to penetrate the export markets which are now available."

There are still doubts about the wisdom of changing the tariff. Mr Charles Maynard, the trade minister of Dominica, opposes any rethink of the structure and remains committed to the common external tariff as an instrument of protection for regional agriculture and manufacturing.

There is agreement, however, that the community's agriculture sector must be protected. "There will still be a need to safeguard the agriculture sector in the community because it will not be able to compete with subsidised imports," said Mr Patterson.

A senior official in Trinidad and Tobago's trade ministry said Caricom could not afford to become a "dumping ground for subsidised agricultural products from countries such as the US where the annual subsidy on a farm cow is higher than the per capita income in some Caricom states."

Malaysia in trade pact with Vietnam

MALAYSIA and Vietnam have signed a pact to boost bilateral trade, giving each other special rates on imports and exports, Reuter reports from Kuala Lumpur. "It provides most-favoured-nation treatment for both our countries in these matters," Mrs Rafidah Aziz, Malaysia's trade minister, said.

OECD EXPORT CREDIT RATES

Minimum interest rates for officially supported export credits (%)	Aug 15- Sept 14	July 15- Aug 14
DMark	9.54	9.34
Scu	9.89	9.50
French franc	10.30	10.15
Guilder	9.55	same
Quid	9.50	9.40
Quid	9.50	9.30
Italian lira	13.40	12.61
Yen	5.90	same
Peseta	13.26	12.70
Sterling	10.16	10.15
Swiss franc	8.09	8.08
US dollar	5.91	6.80
US dollar	6.84	7.48
US dollar	7.36	7.90

*Up to 5 years.
*After 5 years, 10% above the 5% rates.
These rates are published monthly by the Financial Times, normally around the middle of each month. A premium of 0.2 per cent is to be added to the credit rates when facing at bid. Interest rates may not be fixed for longer than 180 days. GDP-based rates of interest are the same for all currencies. The GDP-based rate was changed on February 15, 1992 and will be subject to change on January 15, 1993.

Mexican toll road deal

A MEXICAN consortium headed by Grupo ICA has won a contract to build a 340km toll road from Mexico City to Guadalajara, at a cost of \$1.3bn (\$630m), the biggest such contract ever awarded in Mexico, Damian Fraser reports from Mexico City.

The consortium, made up of the Mexican companies Grupo ICA, Tribasa, Grupo de Desarrollo Mexicano and the brokerage Interacciones, intends to finance half the cost by international and domestic highway

bonds, with returns guaranteed by future motorway tolls. These would be the first international bonds to finance an as-yet-unfinished motorway. The building company PACSA, owned by Tribasa, re-financed a completed motorway with \$207.5m of international bonds in June. Concessions have been awarded for 3,500km of toll roads, with plans to raise this to 5,700km. The ICA group has the concession on the Guadalajara-Mexico City motorway for 15 years.

Senator tells Bush to act on anxieties over Nafta

SENATOR Max Baucus, Senate trade sub-committee chairman, yesterday warned the Bush administration, previewing the Congress debate on the North American Free Trade Agreement, to answer labour and environmentalists' concerns

with action, Nancy Dunne reports from Washington. With negotiators still working on Nafta in Washington yesterday, he said the administration's record on the environment was such that Congress would insist the pact contain:

protection for US environmental laws, with pledges they would not be weakened; a funding mechanism for environmental enforcement on the US side of the border, estimated to cost \$1bn (\$500m); enforcement of Mexico's own

environmental laws. "In recent weeks, the administration has raised the spectre of protectionists in environmental clothing. Though I understand that concern, I am far more concerned with the possibility of polluters in free

trade clothing." He was challenged by Mr William Eby, administrator of the US Environmental Protection Agency. The Nafta, he said, would be "the greatest international trade treaty yet seen," setting a model for future trade pacts.

Feltrim Names face losses of up to £700m

By Richard Lapper

MORE THAN 1,000 Lloyd's Names could face insurance losses of nearly £700m, well above the feared losses, according to a market report.

The Names, the individuals whose personal assets back the insurance market's capital, are members of Feltrim syndicates, 540/542 and 847, which specialise in catastrophe reinsurance. Between 1987 and 1990 the syndicates were swamped by claims from a series of hurricanes, explosions and other disasters. Their losses had been expected to total £450m.

But a report prepared by the current managers of syndicates 540/542 and 847 - which include a large number of hard-hit US and Canadian Names - says losses could exceed £691m.

Losses for the 1989 year alone could reach £298m, compared with earlier estimates of £216m. The Lloyd's of London insurance market announced a £2.06bn loss for 1989 in June.

Mr Tony Berry, the underwriter administering the syndicates since it ceased trading, claims to have uncovered a pattern of lax management controls and inadequate reinsurance arrangements.

"The state of the reinsurance system was indeed a sight to behold and has been a major task to sort out," said Mr Berry. Human errors were at an "unacceptably high level" and controls "were clearly inadequate".

He added: "I feel devastated at the results these syndicates are producing and the manner in which they have arisen."

The news is bound to fuel the anger of Names on the two syndicates, who are also awaiting the results of a separate investigation into Feltrim, led by Sir Patrick Neill, a leading barrister.

Sir Patrick was asked to head the investigation last year but has taken far longer than expected to produce his report. The report could be presented to the Lloyd's Council, the market's governing body next month.

Weak demand slows rise in factory prices

By Emma Tucker, Economics Staff

THE prices of manufactured goods leaving Britain's factories rose in the year to July at the lowest annual rate since 1968.

A 0.1 per cent rise in the producer prices index last month brought the year-on-year increase to 3.4 per cent, compared with an annual rate of 3.5 per cent in June.

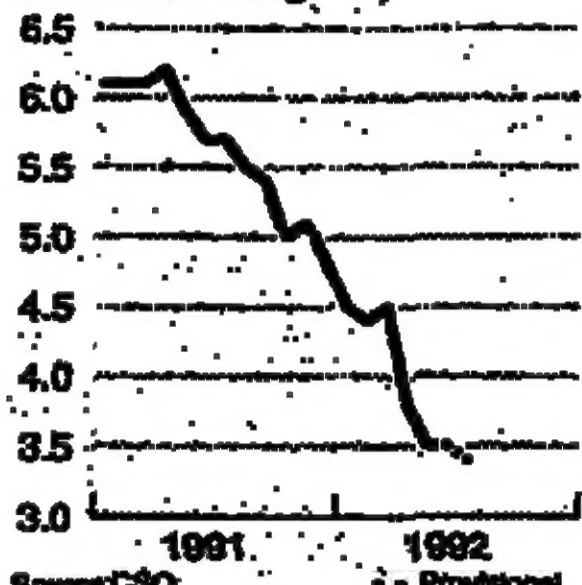
The annual rate of increase in producer prices, often taken as a measure of core inflation, has fallen from a peak of 6.2 per cent in April 1991, to July's 3.4 per cent, supporting the government's aim of squeezing the upward pressure on prices and reflecting the weak level of domestic demand.

Further evidence of the disinflationary momentum in the British economy came from the rise in the index excluding the volatile prices of food, drink and tobacco. This rose by 0.1 per cent on the month, bringing the year-on-year increase to 2.5 per cent compared with 2.9 per cent in the year to June.

The seasonally adjusted

Producer prices

All manufactured products: Annual % change



prices of raw materials and fuels used by manufacturing industry were flat in July compared with the previous month, but remained 1.5 per cent down on a year ago.

Non-seasonally adjusted input prices fell by 0.7 per cent last month compared with June, reflecting depressed commodity prices.

The Treasury said falling input prices with stable unit-labour costs would ensure further reductions in the annual rate of producer price inflation over the coming months.

Lenders try to avoid higher mortgage rates

By David Barchard

LARGE building societies yesterday moved to head off a general increase in mortgage interest rates after Skipton, the 14th largest society, put up its rates for investors and existing borrowers.

Skipton, which has assets of £2.7bn, triggered fears of a general rise in mortgage rates when it announced the rate charged to existing borrowers would rise by 0.5 percentage point to 11.25 per cent from August 12. New customers will be charged 10.99 per cent. However, societies thought

most likely to follow Skipton made it clear that they would not do so.

Instead of immediately raising their mortgage rates, the large societies may now cut their rates for savers, after two similar moves earlier this month by National Savings which trimmed its rates to relieve pressure on the societies.

Bradford & Bingley, the seventh largest society, yesterday said it was cutting its rates to savers by 0.45 percentage point from August 15.

Lex, Page 14

Feathers fly as marksmen head for hills

SPORTSMEN and landowners will be anxiously scanning the skies over Scotland and northern England today as the glorious Twelfth of August opens the grouse shooting season, writes James Buxton.

Shooters are always anxious because the fast flying, linking birds are extremely hard to hit; their hosts are worried because prospects for this year's season are mixed. In some parts of Scotland the Twelfth could be marred by a shortage of grouse, the result of a poor breeding season caused by a cold wet spring followed by an unusually dry early summer.

While the recession has deterred some UK marksmen, the French, Italians and Germans are coming back in force, as are Americans who booked before the dollar collapsed.

Yet according to Mr Malcolm Borthwick who operates his grouse moor at Raeshaw south of Edinburgh on a strictly commercial basis, "the whole viability of the operation is as fragile as ever."



Profit target: Malcolm Borthwick takes aim on his Scottish moor, where marksmen will pay up to £7,000 a day to shoot grouse

Employers predict slowing wage inflation

BRITAIN could be on the way to cracking its long-standing problem of wage inflation, according to the Confederation of British Industry (CBI).

The CBI's optimism is based on three consecutive quarters of steady manufacturing settlements at 4.3 per cent while manufacturing productivity is growing at 3.2 per cent and inflation is 3.9 per cent and falling.

"This is welcome evidence that pay behaviour is settling into a non-inflationary pattern," says the CBI.

Pessimists, however, suggest that three consecutive quarters of rises at 4.3 per cent looks suspiciously like a floor for settlements. If that is the case then the national average earnings figure might not fall below 6 per cent for a very long time.

The pessimists' most telling point is that membership of the European Monetary System (EMS) makes any favourable comparisons with pay trends in the 1980s recession

irrelevant. It is true that in the early 1980s, with inflation at a similar level to today's, the settlement floor was higher, about 5 per cent.

At that time, however, the pound was about to embark on a long period of devaluation, which cancelled out much of the effect of British wage inflation in international trade.

Devaluation is now ruled out by EMS membership and Britain's wage inflation has nowhere to hide. Wage increases must now be as low as those of the country's main competitors.

Unless Britain can maintain faster productivity growth across the whole economy than its European competitors

the government has taken the unprecedented step of withdrawing a pay offer to a group of government officials after members of the National Union of Civil and Public Servants rejected the reform of pay determination.

The move by the Treasury demonstrates growing impatience with the 114,000-strong union's opposition to Citizens' Charter proposals to extend performance-related pay. If the

Treasury is no longer bound by a long term agreement, it would be free to abandon a formula which links pay rises to increases in the private sector. In recent years, the formula has helped government officials to win rises above the rate of inflation. Previously the Treasury has imposed pay agreements when it has been unable to win union approval for them, but it has not withdrawn them.

higher wage inflation will feed directly into lower profits and lost competitiveness.

Thanks to the pressures created by reunification, growth in German average earnings may briefly rise to 6 per cent. But Germany's underlying wages growth is far lower than the UK's, where average earnings are now rising at 6.5 per cent.

Average earnings growth in France is 4 per cent and in the US 2 per cent. Britain still appears a long way off those sort of figures.

Yet the CBI's optimistic outlook is supported by some city analysts. Greenwell Montagu predicts that pay settlements will continue falling to 2.5 per

cent by the end of next year and that growth in average earnings, which finally slipped below 7 per cent last month, will reach 4.6 per cent by that time.

Optimists say current settlement figures look even better from the perspective of company pay bills. Many companies, especially in manufacturing, are continuing to shed staff, so an average 4.3 per cent pay rise can mean the company pay bill is static or even falling.

There is also evidence to support the CBI's view that pay is increasingly driven by business factors.

The two clearest examples are chemicals and construction. The construction industry's problems are reflected in the average 2.5 per cent pay rise, whereas the chemical industry has been more buoyant with several companies agreeing 6 per cent in the first six months of this year.

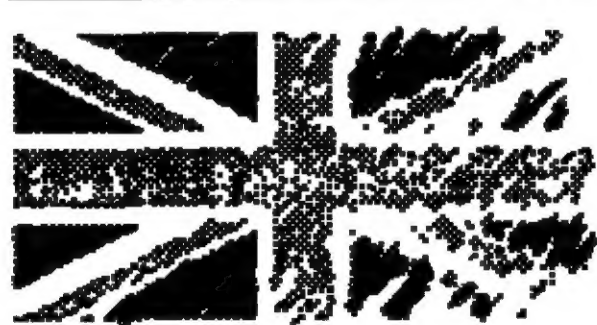
Industrial Relations Services, the research group, says pay freezes continue to affect a small but significant number of companies and are at about the same level as last year.

Freezes have been concentrated in sectors like retailing and in business units of larger companies which have hit hard times, like the strip products division of British Steel.

Pay experts say the inflation rate remains central to pay bargaining. Ms Angela Wright of Industrial Research Services, warns: "We may be breaking with the idea of inflation-plus but inflation remains a benchmark and we are still far off an inflation-minus approach."

David Goodhart

Britain in brief



BT charges to fall after Oftel deal

Telephone users in the UK are set to benefit from greater reductions in call charges after BT accepted proposals by Oftel, the telecommunications regulator, for a stricter pricing regime.

BT said it had agreed to implement Oftel's proposals which limit price increases on a basket of services to RPI minus 7.5 per cent.

The new pricing regime, which will last for four years starting next August, means that BT subscribers can expect real reductions in rates over the four years as long as inflation, currently at 4 per cent, stays below 7.5 per cent.

Lex, Page 14

Telecom licence plan confirmed

The government has confirmed details of its plans to award

telecommunications licences to four companies in a bid to increase competition for BT and Mercury.

The public telecommunications operators (PTO) licences, which are subject to approval by parliament, are the first to be awarded since the government's duopoly review of the industry in 1990, which opened the sector to further competition. The DTI said it was studying applications from a further 22 groups.

The companies which are to receive a PTO licence are Ionica, a Cambridge-based private enterprise, Millicom, a US telecommunications company, National Network, based in Buckinghamshire, and WorldCom, a Swiss-owned company operating in the UK.

Bowater faces MMC referral

Mr Michael Heseltine, secretary of state for trade and industry, has intervened to prevent concentration of power in the medical bags and pouches market.

He has asked the Bowater packaging group to dispose of one of its two businesses in the sector, under threat of a referral to the Monopolies and Mergers Commission. Bowater built up a dominant position in this particular market following its acquisition of DRG Packaging in March.

Mr David Jones, Bowater's

finance director, accepted that its two medical bags businesses had a combined share of 51 per cent of an £11m market. But he added that, in spite of the high market share, Bowater had not anticipated any competition problems because of the increasing "Europeanisation" of supply.

Truck sales rise by 6.7%

Truck sales in July were 6.7 per cent higher than in the same month a year ago, the first monthly year-on-year increase in 34 months.

Overall commercial vehicle sales dropped again by 21 per cent, however, after only a brief respite in June when the sector succeeded in reversing 32 consecutive months of decline, according to the Society of Motor Manufacturers.

Small profits in unit trusts

Half of all unit trust companies earned marginal profits or made losses in 1991, mostly reflecting spiralling costs of sales and distribution, a new industry survey shows.

Mr Derek Ross, partner at Touche Ross Management Consultants, said the firm's latest industry survey showed that there was still significant overcapacity in the sector

and that consolidation is likely to begin shortly.

"The main point is rationalisation. There are too many unit trusts," he said.

New tax plan on exchange

The government has authorised new draft legislation on the tax treatment of foreign exchange gains and losses and financial instruments for managing interest rate risk.

The Inland Revenue said instruments for interest rate risk would be taxed as income in the future, reflecting the responses to its consultation document issued last August.

A series of detailed proposals on foreign exchange treatment are also under discussion, in line with a second document released last year.

Complaint on water upheld

The Advertising Standards Authority has told the water industry not to claim that British tap water was the "best in Europe" unless there was proof. The ASA upheld a complaint by Friends of the Earth against an advertisement in Water Bulletin, an industry journal, from the Water Services Association representing 10 water companies in England and Wales.



Even if Work is the Reason you've Come, Something Special will be Waiting for you.

AS THE WORLD'S business community is learning, the Spanish don't know the meaning of "all work and no play". Admittedly, Spain's hotels boast all the most recent technology, conference facilities, qualified staff and traditional Spanish hospitality.

And yes, there is a choice of recently updated establishments, in modern or historically interesting buildings, located in the most beautiful areas of the country.

Of the day, there's a lot more to a holiday in Spain than business. The Spanish have a sunny disposition to even the most business-minded. And there are even

most jaded business palate. A stroll after dinner can bring the added pleasure of a little local colour. In San Sebastian you might bump into the "Tamborrada", a collection of drummers. But wherever you do business in Spain, the celebrations are never far away.

And whatever is on the agenda, who can blame the Spanish for beating the drum. On a business trip to Spain, "Jack" will feel anything but a "dull boy".

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GREEK EXPORTS SA INVITATION
for expressions of interest in acquiring the assets of
HELLENIC TEXTILES SAI

In line with the Greek Government's privatisation policy and on the basis of Law 2000/1991 the Corporation "GREEK EXPORTS SA", a subsidiary of the HELLENIC INDUSTRIAL DEVELOPMENT BANK SA (E.T.B.A.), with head office in Athens (17 Panepistimiou St) has been appointed Liquidator by Decision 7819/1992 of the Athens Court of Appeal and intends to sell, with the procedure of Article 46a of Law 1892/1990, supplemented by Article 14 of Law 2000/1991, the total assets of HELLENIC TEXTILES SAI with head office in Athens and owned 100% by ETBA SA.

HELLENIC TEXTILES SAI was founded in 1966 by ETBA in order to manufacture and trade yarns of every nature (animal, vegetal and synthetic) as well as fabrics. ETBA has conceded to the Company the facilities of the former "LANARAS - KYTISI" located in 54, Kifissos Avenue used to be creating with Leontas Street. The land is 31,511 sq. meters in area and the various buildings which cover about 34,000 sq. meters.

In 1978 ETBA put the Company under liquidation. Within the context of the programme for the craft facilities ETBA managed to have the above land classified as a Craft Center (L.742/1977) and with special construction conditions (O.J. 629/A/78).

This Craft Center is leased to 57 crafts concerns.

FINANCIAL INFORMATION
(in thousands GRD)

	1989	1990	1991
Total Assets	363,661	364,933	364,895
Total Income	31,762	36,438	32,102

Note: The above financial information comes from published Balance Sheets.

PRIVATISATION PROCEDURE

- Within twenty (20) calendar days from publication of the present invitation, interested buyers should submit a non binding written declaration of interest.
- Prospective buyers, after promising in writing to maintain confidentiality, can receive the Offering Memorandum and be given access to further information relating to the Company for sale.
- The preselection for a public tender for the highest bid will be published within the specified period and in the same newspaper.
- For further information please apply to:
tel: (00 1) 92 94 395, 92 94 396 and 32 42 111 up to 32 43 115.

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Basque Country

When you stay with us in Bilbao, stay in touch with your complimentary copy of the

FINANCIAL TIMES
LONDON & NEW YORK

TAMBORRADA FIESTA, SAN SEBASTIAN.

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ESTANZA
Passion for life.

1992. The year of the Barcelona Olympic Games, The Universal Exposition in Seville, And Madrid, Cultural Capital of Europe.

هكذا من القليل

MANAGEMENT

Three years ago, the success of the Iron Butterfly, Miss Takako Doi, the Socialist Party leader, created a "Madonna Boom" in Japanese politics, with parties rushing to enlist women candidates and the country debating when the first woman prime minister would be appointed.

Corporate Japan had its own Madonna Boom, as image-conscious companies commissioned advertisements that portrayed strong women talking on cellular phones or putting in overtime long after the men had left for their karaoke bars and their water-weakened whiskies.

In the meantime, Miss Doi has resigned, the number of new women candidates at last month's Upper House fell by half, and cash-strapped Japanese companies have begun a back-to-basics campaign which includes trimming the intake of new women and the opportunities for women already on the career path.

Companies are remarkably blunt about their intentions. Toyota Motor will reduce its intake this year of young male high school graduates by 7.4 per cent to 1,580, while the number of women graduates is to fall by 25.6 per cent to 570. Nomura Securities will halve its annual intake of women from last year's 800, and the total number of women workers is likely to fall to 3,000 in 1997 from the present 5,000.

There are two career tracks for women in Japan: the "ippanshoku",

Opportunities for women are shrinking fast in cash-strapped Japan, writes Robert Thomson

Madonnas in retreat

which involves general administrative work and carries no promise of promotion; and the "sogoshoku", which is supposed to provide women with promotion opportunities equal to those of the mainstream men.

Women on both tracks are having to pay the price for bad management decisions made in the late 1980s, the easy money era, when firms rapidly expanded their workforces. For example, securities industry personnel increased by 41.6 per cent in the four years until the peaking of the stock market in December 1989.

The collapse of the stock market and the economic slowdown have shown that while Japanese women are making incremental gains in

the workplace, the impression of equal opportunity was as exaggerated as the Nikkei market average in 1989.

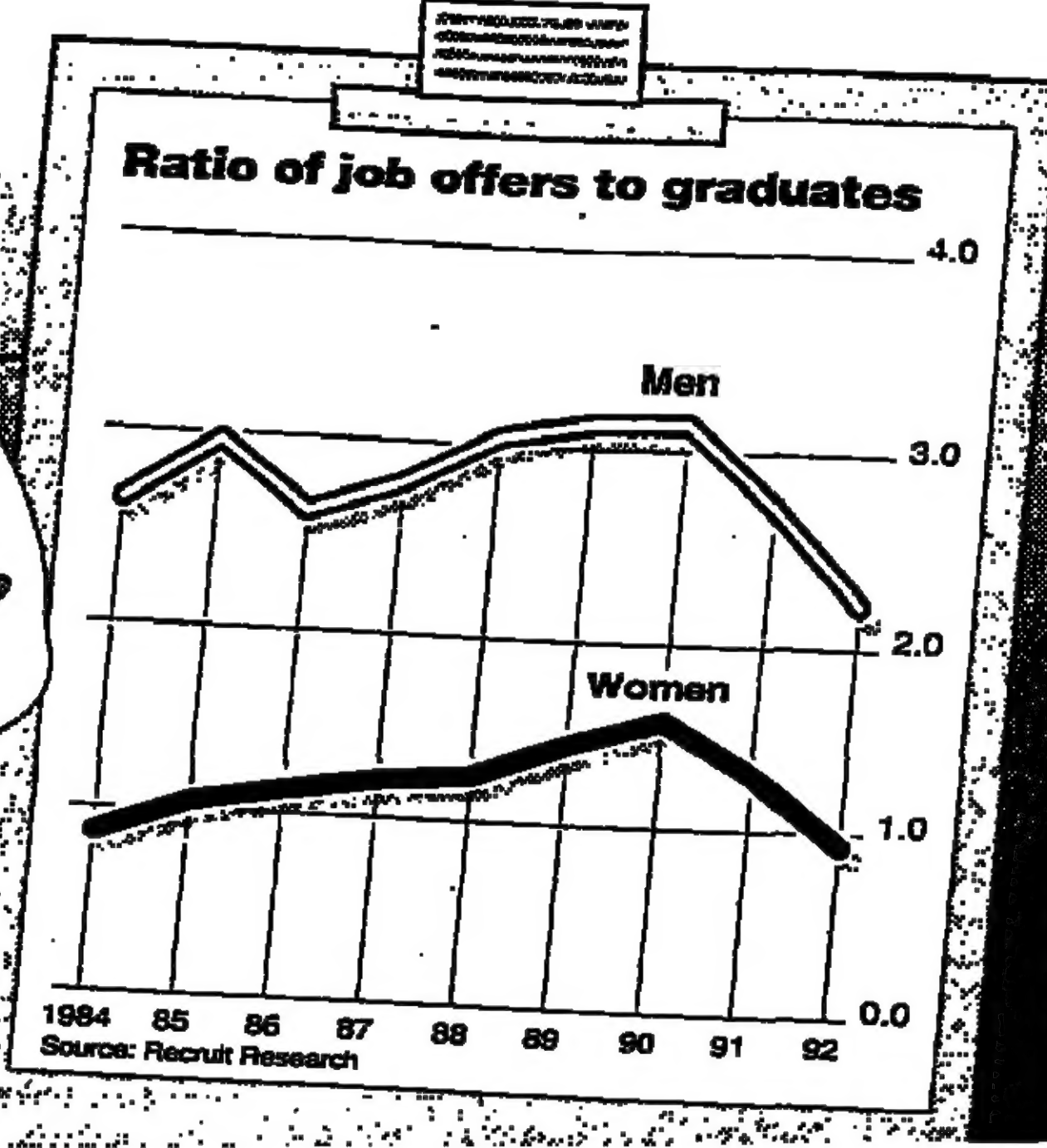
At that time, the labour shortage and the need for more women managers were urgent themes in the Japanese financial press, and it seemed women would inevitably take places at the top corporate tables.

However, a study by Recruit Research of graduates' job opportunities has shown that not only are opportunities for women severely limited at the top end of management, but that there is a striking imbalance at the entry end, even for graduates of the more prestigious universities. University background is important, as about 45 per cent of



the bureaucratic elite come annually from Tokyo and Kyoto universities.

Recruit found that the ratio of new job offers to male graduates last year was 2.72:1, but that for the present year, the figure fell to 2.32. For women graduates, including those from two-year specialist courses, the job offer ratio was a meagre 1.30 last year and had declined to 0.93, meaning that there



are more applicants than jobs for the first time in eight years.

A section manager at one of Japan's Big Four securities houses suggested that women have suffered most because they were hired simply to sell stocks - and the market collapse had made them redundant. A second role in corporate identity campaigns has also evaporated - companies were once keen to attract publicity by hiring more

women, he said, but this image-enhancing drive has been scaled down.

For example, securities companies were particularly keen to impress foreign clients, and made a point of dispatching women to their offices in London and New York. A Japanese house had sent four women to its London office, but, to save money, recently cut back to just one.

Personnel managers generally argue that women are unable to make the commitment necessary to justify the expense of training them for management positions. Without that commitment, there will be no promotion goes the argument, though the research by Recruit suggests there are fewer opportunities regardless of the commitment.

Companies are continuing "experiments" with women managers, in that they are allowed to do what male graduates of the same age would do. In one test case, a 27-year-old woman at a Japanese commercial bank was recently sent from Tokyo head office to a suburban branch to work as a loans officer, enabling her to gather the experience necessary for further promotion.

The bank found that some proprietors of smaller businesses were offended when their account was given to a woman, so she has concentrated on less prejudiced proprietors, as well as foreign businesses and the more liberal-minded of the larger Japanese companies.

Her work schedule is tough, with 13-hour days the norm, and she fears that somewhere down the career track, the male-dominated system may reject her.

But she is determined to succeed: "The personnel department is always checking on me, ringing the branch manager to ask about my work. But I feel that I have to stay. If I stop, it will be more difficult for other women."



Untouched by political corruption scandals, recession and Mafia murders, the business lunch is alive and well in Italy.

In Milan, the country's business capital, companies may be tightening their financial belts, yet corporate midday eating remains a tradition.

But unlike some of Italy's north European neighbours, the stress is as much on "lunch" as on "business".

The hard bargaining will have already taken place in the office or will be reserved for a post-prandial contest. By contrast, lunch represents an agreeable truce, a pleasant way of sliding up the opposition or having a good gossip with colleagues outside HQ.

Although executives have grown more conscious of their waistlines than in the pasta-guzzling past, quality remains paramount.

Italian businessmen are likely to be as concerned about the preparation of their food as they are about the consistency of the gorgonzola sauce on their gnocci a decade ago.

Just like Mamma used to make

Local fare reigns supreme when Italian businessmen go out to lunch, writes Haig Simonian

Business diners are conservative, patronising a handful of places they know well, rather than experimenting. Moreover, Milan's legendary work ethic (which is true only by Italian standards) means people prefer to eat within walking distance of the office rather than taking a cab. Gastronomic expeditions tend to be left for the evening or weekends.

Likewise, meals tend to grow longer the further south one heads. Times are another big national difference. While northern lunches will invariably start around one - or half an hour later at a pinch - that is still early for Rome, where most restaurants would barely be starting to fill up, with the real rush after two.

Times for dinner differ accordingly. But one factor is constant irrespective of location. In a country where lubrication is definitely *brutta figura* (bad form), alcohol consumption, especially at midday, is moderate. Familiarity with a res-

taurant means diners often forego the menu and look to the head waiter, always addressed informally, for guidance instead. Though usually genuine, the technique is sometimes just a sham to impress the unknowing.

The gradual shift towards "healthier" eating has put a premium on fish. Surprisingly, Milan,

Executives have grown more conscious of their waistlines but quality remains paramount

although about as far as any Italian can get from the sea without crossing into Switzerland, is one of the best places to eat it. The city's famed fish market is a clearing house for the country's catches, meaning that the chances of finding fresh fish are as high - if not higher - than in many coastal resorts. However, even the most diet-con-

sious executives are grasping that eating fish, invariably dearer than meat, has its price. Italy is no longer the bargain basement of many first-time visitors' dreams, and Milan is easily its most costly city. So the bill for a small, albeit tasty, fillet of a pricey catch like sea-bass can be upsetting. And when served by weight, as is often the case, the

bill can be shockingly high. Emerging from one of the city's big-name restaurants like Savini, Don Lisander or Alfo for less than L100,000 (246.79) a head is a considerable achievement.

In spite of healthier eating, some factors remain constant. First, you can safely assume that any corporate meal will be Italian. The number of foreign restaurants in Milan

especially has crept up of late. Some, like Suntory, Rassa Sayang or Royal Dynasty, are sufficiently up-market to tempt the business luncher. Yet if the diners - or at least the hosts - are Italians, you can bet your next pay rise that local fare is what you'll get.

The stress on things domestic stretches to wine. It is hard to find a restaurant, even top-notch, offering anything but home grown. A few of the most upmarket places may stretch to some French vintages, but thirsty Spaniards or Germans hankering for a familiar tipple will be disappointed.

Some Italians complain that the rise of city centre expense-account dining has been the bane of thousands of sleepy, traditional trattorias, turning them into the cool, antiseptic eateries that now dominate corporate dining in much of northern Italy, notably Milan. For once a respectable trattoria has started making big money, out goes

the old wood-paneelling and in come the ubiquitous grey or white tiles, forecourt halogen lighting and pine furniture.

Although uninviting, that ambience is a magnet for many well-travelled younger executives, or older colleagues who want to promote a more cosmopolitan image. Peck in Milan, with one Michelin rosette, typifies the look.

But regional allegiances are still sufficiently strong for many businessmen to opt for tradition and choose a restaurant specialising in dishes from their local area. Milanese wanting to strike a balance between good food and a solid, but not stuffy, atmosphere often go to Boeucc, a big, efficient but attractive restaurant that is expensive enough to impress without being outrageous.

Seasonal variations are also much more noticeable in Italy than most European countries. Choosing a heavy stew, or kidneys, tradition-

Menu

Antipasto misto di pesce alla marinara

Risotto alla Milanese

Branzino con pinoli e capperi

Insalata mista

Affogato al caffè

Café espresso

ally served with polenta - a leaden maize-based potato substitute - would be a gaffe in a stiffening Milanese summer. Likewise, ordering a strong red Barolo in mid-July is not recommended, even in Turin, the capital of Piedmont where it is grown.

Choosing local dishes is a sure way to impress one's host, but newcomers needn't exaggerate.

BUSINESS AND THE ENVIRONMENT

Biodegradable plastics are continuing to make commercial and scientific progress, in the face of scepticism from environmental groups and a formidable cost disadvantage compared with petrochemical plastics.

ICI, the UK chemical group, has just opened a plant at Billingham in the north-east of England to make 300 tonnes a year of Biopol, which it says is the first fully biodegradable commercial plastic. The company plans to raise annual production of "Nature's plastic" to 5,000 tonnes by the mid 1990s.

Biopol is made in an industrial fermenter by bacteria that convert sugar (refined from corn or beet) into a polymer. But US scientists recently announced an important step towards making biodegradable plastic directly in plants - raising the vision of farmers growing plastic potatoes in the next century. Researchers at Michigan State University and James Madison University in Virginia have made a plastic similar to Biopol in genetically engineered *Arabidopsis thaliana*, a type of cress.

At present Biopol costs about £10 per kilo - 20 times more than conventional plastic. Although the price will fall as ICI scales up production, plastic produced in a bacterial fermenter is bound to be much more expensive than its petrochemical equivalent.

But the US experiments - and similar research being carried out by ICI Seeds in the UK - could open the way to a cheaper source of biodegradable plastic.

Plants are more efficient than bacteria at producing large quantities of organic material, says Christopher Somerville, professor of botany at MSU, and the cost could eventually be reduced tenfold by growing Biopol-type polymers on farms. For example, potatoes might be genetically engineered to make and store plastics instead of starch in their tubers.

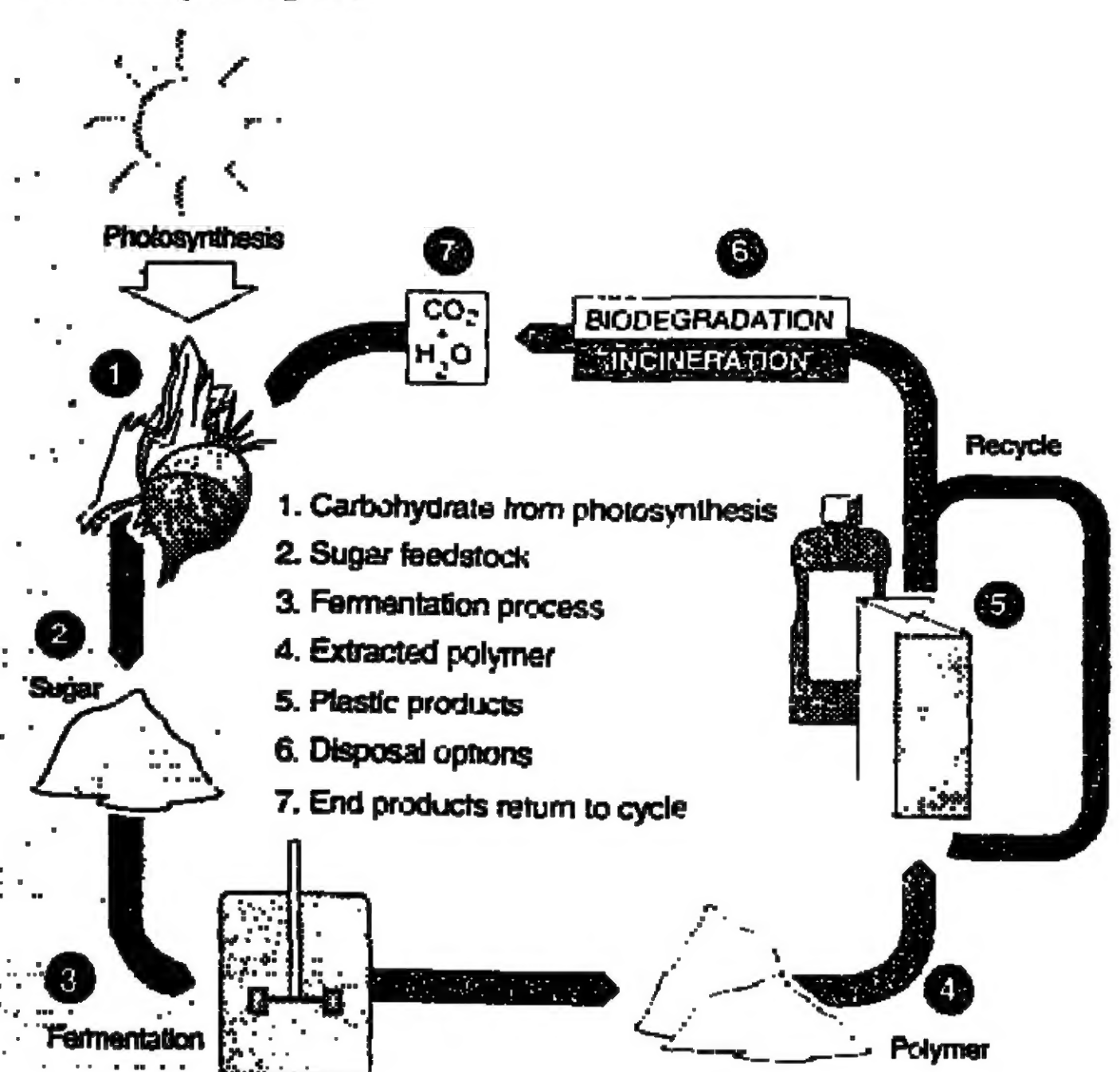
Even at its current price ICI has no shortage of buyers for the limited amounts of Biopol available. It has been used in Germany since 1990 to make bottles for Wella's Sanara shampoo.

Biopol's US launch came this year in the form of bottles for Brocato International's Evanescent shampoo, and the material is being tested by Cretaceous Naturally in the UK for cosmetics containers.

Biodegradable plastics made from plants are bearing commercial fruit, writes Clive Cookson

It grows on trees

The Biopol cycle



tions with local users - for example, Biopol nets to collect edible seaweed. However, several environmental groups are distinctly unenthusiastic. "Our view of biodegradable plastics including Biopol is that they are a red herring," says Sarah Finch of Friends of the Earth.

Scientists recently announced an important step towards making biodegradable plastic directly in plants - raising the vision of farmers growing plastic potatoes in the next century

"They give people the wrong message - that it's OK to throw plastics away - and distract from the real need, which is to recycle plastics," she adds.

ICI responds that there are many applications of plastic - particularly when it is mixed closely with

other materials - for which recycling is not practical. Examples include rubbish bags, disposable nappies, and paper plates and cups coated with thin plastic film. In these cases a material such as Biopol, which is consumed by micro-organisms in a landfill site, should have a clear environmental advantage.

At present, biodegradable plastics represent just a tiny market compared with conventional petrochemical materials whose production amounts to more than 100m tonnes per year. But oil and gas prices will rise substantially over the next 20 years, according to most economists' predictions, and bio-plastics will become cheaper through a combination of scientific progress and improved process technology. Farming for plastics could then grow into a large agribusiness.

from renewable resources - sugar refined from crops - rather than fossil fuels. And Biopol does not have to be thrown away; it can be recycled or burned cleanly to provide energy in an incinerator.

Polyhydroxybutyrate (PHB), the polymer on which Biopol is based, is produced naturally by a wide range of micro-organisms as an energy store. In the same way as humans accumulate fat, ICI uses *Alcaligenes eutrophus*, a common bacterium, in its fermenter.

Pure PHB is too stiff and brittle for most applications, so ICI adds small amounts of a simple organic acid to the sugar feedstock, to make the plastic stronger and more flexible. In technical terms, the bacteria then produce co-polymers composed mainly of PHB with varying amounts of hydroxyvalerate (HV).

In this way ICI can produce a range of thermoplastic polymers which can be processed with conventional techniques to make bottles, mouldings, fibres and films. High-grade Biopol is being developed for medical applications, including woven patches for use inside the body to protect tissues from scarring after surgery; after the wound has healed, enzymes in the blood dissolve away the patch.

The genetically engineered *Arabidopsis* plants have so far produced only small amounts of pure PHB, but Yves Polier of Michigan State University believes it will eventually be possible to make a range of PHB-HV co-polymers directly in crops.

Although PHB-based polymers have set the pace so far, researchers are developing other biodegradable materials. In the US, for example, Du Pont and the Battelle Institute are working on plastics based on lactic acid, a cheap by-product of the dairy industry.

Another approach is to use carbohydrate polymers based on starch. Partially biodegradable shopping bags are already manufactured from a thin matrix of conventional polythene filled with starch. After the bag has been thrown away, micro-organisms eat away the starch, leaving a flimsy polythene structure which soon disintegrates. Ferruzzi of Italy and Warner Lambert of the US are developing fully biodegradable starch-based plastics.

Yet several years passed before farmers linked their dwindling harvests to the smoking chimneys of the pellet plant. "The company denied it was emitting iron dust," says Gonzalez. "It said the iron came from the sand-dunes." Lacking scientific evidence to prove the contrary, the farmers lost a lawsuit brought against Compania

A taste of one's own medicine

Chile's olive growers have challenged the word of one of Europe's green businessmen, says Leslie Crawford

There is a far-flung corner of Stephan Schmidheiny's business empire that is not as green as the Swiss magnate's concern for the environment.

Schmidheiny, founder of the Business Council for Sustainable Development and voice of enlightened corporations at the Rio Earth Summit, is a leading shareholder in an iron pellet plant which is destroying the livelihood of hundreds of farmers in the Huasco Valley of northern Chile.

The valley used to be Chile's leading producer of olives - harvesting some 6,000 tonnes a year, according to local agriculture inspectors - until the pellet plant was built in 1978. Today, the olive harvest barely reaches 1,000 tonnes.

Standing in the middle of an olive grove planted by his grandfather, Gregorio Gonzalez points to the cause: the canopies of his sturdy trees are pitch black. The evergreen leaves are encrusted with iron dust. They leap to a magnet like pins.

"Our trees are dying," says Gonzalez. "The leaves are choking. The dust withers the flowers. Some years they bear no fruit. In other years, the olives are so badly stained that we cannot sell them." Many farmers, he says, are being forced to uproot their trees, which are sold for firewood.

His warehouse used to hold up to 100 tonnes of olives. It is almost empty now. In a neighbouring hacienda, Julio Cereceda, the foreman, says: "The owners employ us out of charity. The olive trees are barren."

Yet several years passed before farmers linked their dwindling harvests to the smoking chimneys of the pellet plant. "The company denied it was emitting iron dust," says Gonzalez. "It said the iron came from the sand-dunes." Lacking scientific evidence to prove the contrary, the farmers lost a lawsuit brought against Compania

Minera del Pacifico (CMP), the owner of the plant, in 1986.

The dispute resurfaced with Chile's return to democracy, which brought a novel concern for the environment. In March 1990, the Mining Research Council began monitoring emissions at the plant. It was belching more than 37 tonnes of particulate matter, mainly iron dust, a day.

If the plant were located in the US, it would have been breaching Environmental Protection Agency norms more than 50 times over. But the dearth of environmental legislation in Chile allowed CMP to claim that it was not polluting the valley.

The new political leaders also had to deal with CMP's economic clout. The company is not coy about its importance as the main employer and benefactor in an impoverished province on the

fringes of the Atacama desert.

"The Huasco valley lives off CMP," Luis Villagran, CMP's public relations officer, explains. "We pay \$24m (£12.5m) a year in wages. We are everywhere, donating ambulances, fire engines, building schools and sports grounds."

But when Carlos Gonzalez, the new regional governor, first approached CMP about the need to curb emissions, he says the company threatened to close down the plant. Meanwhile, Gregorio Gonzalez was preparing to aim his slingshot at the Goliath of his valley. New evidence, from a study conducted by the Agriculture Research Council, proved that CMP's iron emissions were the same substances that fell on the

olive groves. The Huasco farmers filed an injunction against CMP's polluting activities. An appeals court last June found CMP guilty of "polluting the environment... inhibiting the normal development of plant life, and the main farming activity, olive growing, in particular." It ruled that CMP's emissions violated the olive growers' constitutional right to live in a pollution-free environment. It declared the emissions illegal.

CMP, and its parent company, Compania de Aceros del Pacifico (Pacific Steel Company), in which Schmidheiny owns a 30 per cent stake, appealed against the ruling before the Chilean Supreme Court. CMP argued it had curbed emissions since monitoring began two years ago. The company also claimed to have studies showing that poor farming techniques were responsible for the shrinking olive harvests.

Last week, the Supreme Court ruled in favour of the olive growers. CMP will be forced to curb its emissions drastically in line with new regulations that come into effect in October. "It is absurd," says Fernando Dongnac, the farm-

ers' lawyer, "that we had to fight all the way to the Supreme Court to prove that companies in Chile do not always practise what they preach."

The ruling also sets a precedent for other agricultural communities who feel threatened by the proximity of mining smelters and refineries. "We believe in sustainable development," says Erick Weber, CMP's research and development vice-president. "But the farmers are not interested in technical solutions, they are after monetary compensation."

The farmers are intent on preparing a civil action for damages of \$35m against CMP. They are eager to test one of Schmidheiny's maxims, often mouthed by his executives in Chile: "The polluter pays."



ADVERTISEMENT

Thailand: A Nation Rejoices

H.M. Queen Sirikit :
An auspicious 60th birthday.

The year of 1992 in Thailand has taken on an especial meaning for the people of Thailand as they celebrate the 60th birthday of Her Majesty Queen Sirikit.

The Thai calendar is divided into cycles of 12 years each. The completion of the fifth cycle is considered a most auspicious occasion, and the nation has thrown itself wholeheartedly into marking the event.

Across the country communities have staged a variety of shows, dinners, dances and festivals to share the birthday, and also to raise money for the many charities which the Queen graciously supports.

Queen Sirikit's romance with the country, and with the monarchy, goes back to the

Spring of 1948 where the meeting of a young couple proved to be the opening chapter of a story that has captured the hearts of millions of people over the past four decades.

Twenty-one year old Crown Prince Bhumipol Adulyadej was enjoying a break from his engineering studies in Lausanne, Switzerland.

Seventeen-year-old Mom Rajawongse Sirikit Kitiyakara, meanwhile, was studying advanced music and languages, subjects which she began two years earlier in London where her diplomat father was sta-

tioned.

The couple got on rather well from the beginning, with their common interests, notably music, and close family links, helping foster the relationship.

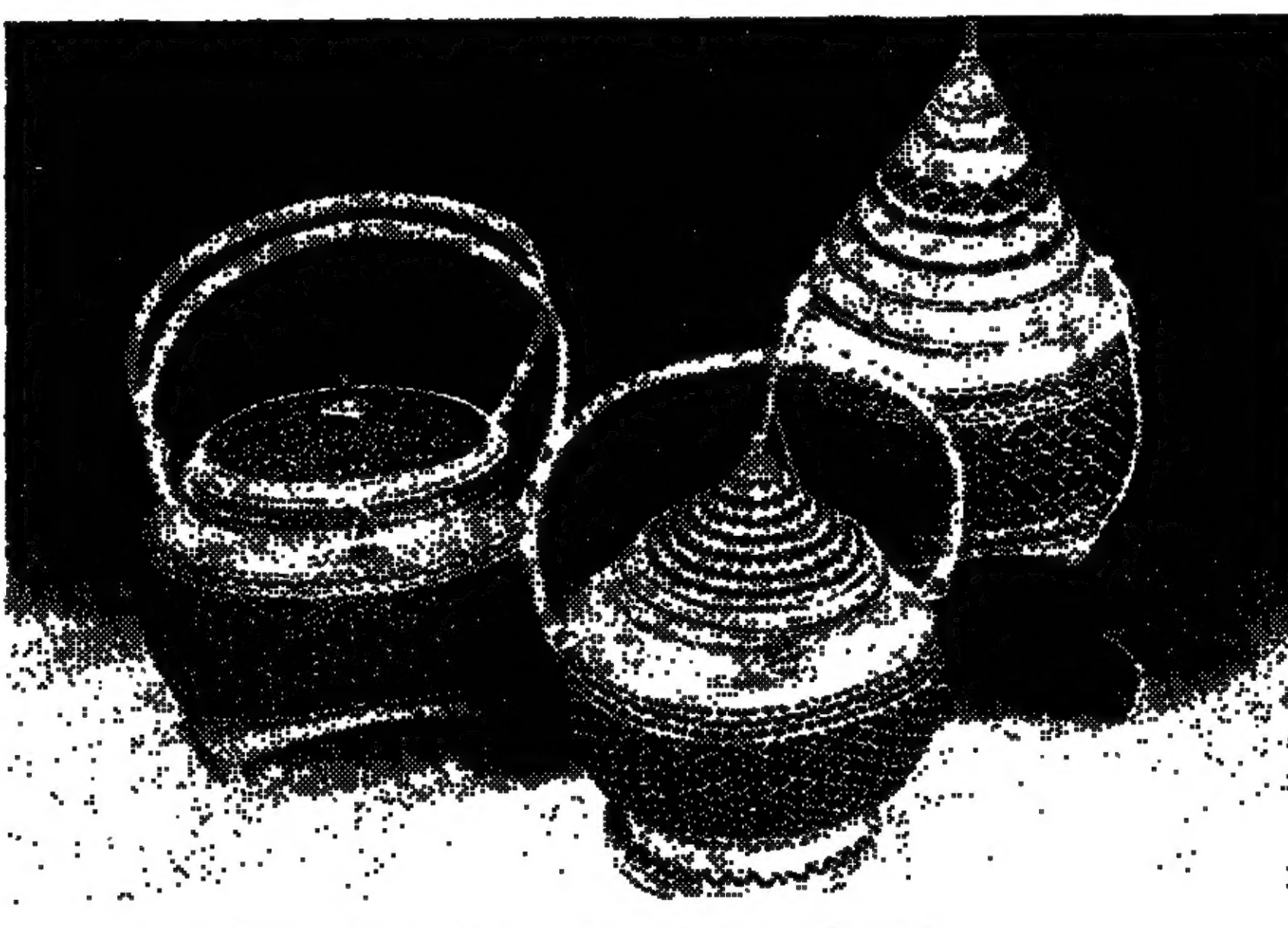
Later that year the Crown prince was involved in a serious motorcar accident in Switzerland, and the young M.R. Sirikit and her mother travelled to be at his bedside. During his long convalescence the pair grew even closer, and on July 19, 1949, their engagement was announced.

M.R. Sirikit Kitiyakara's father, HRH Prince Chandaburi Suranath, who was a descendant of King Chulalongkorn, was posted to London with the diplomatic corps after World War II, and his daughter joined him there, and later in Paris, where her destiny was to be so dramatically changed.

The year 1950 will always be remembered in Thailand for the Royal marriage ceremony which was performed by H.M. Queen Sawang Wattana, Royal

Grandmother of the King, and local reports cited thousands of people flooding the capital in spontaneous festivity; "A grand and memorable occasion for the whole nation."

All agreed that the new Queen - "radiantly beautiful" - was everything a nation could want and more.



Five days after the marriage, the Coronation of the King, now officially Rama IX, took place, while at a parallel ceremony, Mom Rachawongse

Sirikit was becoming Queen.

Forty-two years after the hectic days of 1950, Thailand prepares once again to stage a "grand and memorable occasion" on August 12, both for the Queen's birthday, and for national Mothers' Day, which has been proclaimed in Her Majesty's honor as the Symbol of

Motherhood. In an interview some years ago Her Majesty Queen Sirikit was asked about the extent to which His majesty the king has

encouraged her to devote so much of her time to improving the welfare of her people. Smiling softly, the Queen responded; "He didn't encourage me at all - he ordered me. He said he would look after the land and I must look after the families". Queen Sirikit speaking of her husband the King "It changed my life."

Indeed, Her Majesty the Queen's life was changed, but in the process she has also changed thousands of lives for the better through her steadfast commitment to welfare programmes.

Her Majesty's untiring efforts have won her the recognition not only of the people of Thailand but the world community, which has honored her with a number of prestigious awards.

One of the hallmarks of their majesties has been their untiring tours across the length and breadth of Thailand.

The journeys began during the early days of the reign, and continue to this day with the Royal couple sometimes spending as much as 8 months of the year working from their four Royal residences outside Bangkok.

In 1976 the Queen set up the Foundation for Promotion of Supplementary Occupations and Related Techniques (SUP-PORT) with an initial and personal donation of 3,500,000 Baht and private donations.

Its main objectives are to train low-income farming families to earn extra money through folk arts and craft, and it now has more than 35 centers around the country, involving 200 villages and 9,000 artisans employed in various projects.

"Liberation" Thai-Style: Women In Business

Thailand has always found room for talent. Never colonized it has no latent fears of foreigners and unlike many Asian countries it has welcomed capable women, without discrimination.

That much is the stuff of every analysis of Thailand's business and investment climate. What is less well-known is the role women historically have played and continue to play in the country's social and economic development.

Following the lead of Her Majesty Queen Sirikit, women are active in banking and business as well as academia and government. Many have been recognized for their contributions to society with the royally-bestowed title of Khunying or Lady.

The roll-call is long. Here, to commemorate Women's Year in Thailand in honor of Her Royal Majesty's 60th birthday, is an introduction to some of these dynamic women.

Khunying Niramol Suriyasat, vice president, Toshiba Thailand, has been an outstanding leader since her student days at Wellesley College and the Massachusetts Institute of Technology, where she won a master's degree on a fellowship in 1956.

Home to Thailand and career as a university lecturer, she joined Shell Thailand as chief chemist before assuming the CEO post at Toshiba in 1969. Married and mother of four, Khunying Niramol has been active in Thailand's cultural and social activities. The future, she believes, lies in Thailand, because the country is ready for expansion and "we know how to manage our own resources"

Khunying Chanut Piyaoui, chairman and managing director of the Dusit Hotels & Resorts group, has the distinction of being the country's "first and foremost" lady hotelier. It was on a visit to the United States where she went to pursue her education, that "I first learned about hotels or experienced them," she recalls. Back to Thailand in the late 1940s, she began to realize her dream - the development of the Thai hotel and tourism industry.

Today, 22 years after her Dusit Thani hotel, a Bangkok landmark, opened in February, 1970, her group owns and operates six hotels in Thailand. It also holds management contracts for twelve more, including four in Indonesia and the Melrose Hotel in Dallas, Texas.

For Khunying Chanut, mother and grandmother, who has played an important part in the development of the stock exchange - the Dusit Thani was the first hotel to be publicly listed - there is much more on her plate. "I want," she says, "to do more for my country, the Thai people, my children and

those who will come after me."

Khunying Phornthip Narongdej, CEO of the Siam Motor group, is a youthful, attractive mother of three, whose interests include musical education. She also has the business acumen, foresight and drive that make her the envy of her associates. Taking over as the group's chief executive on her father's retirement, she has expanded the company's original activities, adding export assembly of motorbikes, trucks and automobiles and diversifying into new business lines.

She now has a more ambitious projects in the works. Following an agreement with Japan's Nissan Motor Corporation, a new Made in Thailand car - not merely assembled - will be manufactured for export to target markets in Southeast Asia as well as Australia and New Zealand. Says Khunying Phornthip, "I am pleased that the new Made in Thailand Nissan car series is testimony to our Japanese partner's continued confidence in investing in Thailand."

"Thailand has moved in the right direction, geared to export promotion, by diversifying manufacturing, controlling and stabilizing the economy."

Charoenchit Ngamtippan, vice president and country manager for the Bank of New York, has represented U.S. banking interests in Thailand for more than nineteen years and is considered one of the youngest first ladies in finance - a field traditionally dominated by men.

Convinced that Thailand will be Asia's next offshore banking center, she has been carefully preparing the groundwork. "The monetary authorities are committed to making Thailand the region's financial center," she notes. "They will deregulate further and allow more banks in, along with encouraging a freer movement of funds."

"In the last couple of years," Charoenchit observes, "Thailand has moved in the right direction, geared to export promotion, by diversifying

manufacturing, controlling and stabilizing the economy. We have done our homework and prepared the ground for Thailand's development as a money center."

A scholarship graduate from the United States, earning masters degrees in economics as well as agro-economics, Charoenchit is a mother of two. After honing her skills with the Board of Investment, she entered the private banking sector in 1973.

She is convinced that the "genius" of Thailand's financial sector, lies in the responsible authorities knowing just when the time is ripe for liberalization. "They started deregulating in the early 1990s, when the finance and banking sector was ready for it," she points out.

"Now they will follow through and make Thailand an offshore banking center."

ADVERTISEMENT



H.M. King Bhumibol: Thailand's Populist Monarch

King Bhumibol, the Ninth Rama of the Chakri Dynasty, is a populist monarch. He cannot interfere in government, yet he would win by a landslide any political leadership campaign.

If he ran for public office, his abbreviated biography would read:

Born in the United States in 1927 when father was medical student at Harvard University prior to service as Thai public health doctor. Working among lepers in northern Thailand, father died when Bhumibol still infant. Widowed mother a Thai nurse; now in her nineties; still active in rural projects occupying half her adult life.

Bhumibol was called to be King at 18 upon tragic death of 20-year old brother in 1946. Gave up European studies in engineering to master political science and the law. He met Queen Sirikit when she was music student in Paris. In first impromptu speech as student King, he surprised all by the mature way in which he agreed to serve the country on condition he had whole-hearted and genuine support.

He vowed he would be guided by goodness and integrity. The country was then going through tough times following World War II. His moral force steered the Kingdom through tougher times that followed.

He has raised one son and three daughters in the family tradition of public service. He now has a formidable moral authority and reputation for informed objectivity, so that he alone can bring together parties otherwise in violent confrontation.

erwise in violent confrontation.

In a predominantly Buddhist country, he is fiercely protective of all religions. Like his wife and grown up children, he may be found kneeling among countryfolk who regard their King as consultant for "small revolutions," now numbering hundreds of projects, deliberately low-key, funded through royal foundations.

He resides in a "palace" that is really a miniature of what he wants the whole country to become: a kind of farm bristling with research labs and dotted with schools and health clinics for public.

His assets include familiarity with new developments in industrialized nations plus respect for ingenuity of Asian farmers. He is handy with hi-tech weapons but believes lasting progress comes through nonviolent compromise between rivals and openness to constructive new ideas.

That would be a Westerner's brief analysis of his qualifications. The Thai equivalent of political scrutiny is to measure the man by The Ten Rules of Kingmanship. The job requirements, down through the centuries, changed with changing challenges.

In today's complex society, Bhumibol needs a saintly patience to fulfill a role defined by King George VI of England: "Monarchy exists to

deny absolute power to anyone else."

George VI was talking of how the United Kingdom survived after dictators conquered Europe, reflecting ancient Thai tradition that the King shares the dangers and hardships to win national unity and should gently counsel others to avoid extremes.

"If people don't like the way I do it," says Rama IX, "I'm out of a job." As King, Bhumibol has too much work to do at home, and almost never went abroad after the 1960s. The wars of Indochina made it necessary to visit foreign capitals in the tradition of early kings who kept the country free by balancing between external forces.

National unity is achieved through the Theravada Buddhist faith and the monarchy's role in maintaining compromise and harmony.

"We Thais may seem happy-go-lucky because we are hospitable to strangers and to new ideas. Buddhists never had a holy war, but it doesn't mean we never take a stand."

"We are stronger than others expect; strong enough to be flexible," says Bhumibol. He adds, "Monarchy has always been on the move in this country." This also means physically on the move, eight months of the year, between working bases strategically located far from cities, where his rural development work is rarely seen by strangers.

Before "greening the Earth" became fashionable, both King and Queen were fighting, within limits imposed by the constitution, to save wildlife and forests. Also little publicized is something that delights the taxpayers: the monarchy sustains itself and these reforms through ethical business enterprises.

King Bhumibol The Ninth

Vying For The World Exports: Thailand's Export Promotion Drive

Walk through a supermarket in Abu Dhabi, packaged foods from Thailand can be found on almost every aisle. Pick up garments in department stores across the U.S., again the made in Thailand label. Examine branded electronic products in Japan and Europe, at the least, some of the components will come from Thailand.

Thailand's solid reputation began with an outstanding performance as an agricultural producer. Its exports have maintained one of the world's highest growth rates over the past four years, averaging almost 25%. Exports in 1991 totalled more than US\$ 28 billion making Thailand the world's 25th largest exporter. While export growth should slow during 1992 in response to global economic conditions, projections still see a respectable increase to roughly \$ 34 billion.

The key to Thailand's export growth has been the country's aggressive policy to diversify its export base over the past decade. Farm shipments have dropped from 68% of total exports to 17%. Today Thailand sells abroad more textiles, computers and components, integrated circuits and jewelry than rice, its traditional export mainstay.

The Director-General of the Department of Export Promotion, Oranuj Osatananda, is confident about the continued strong growth of exports despite the negative image left by the May tragedy. The reason is simple: production was not affected and exporters have been able to meet their delivery deadlines while maintaining quality. "We have not been affected directly by the May incident," Oranuj says. "We are affected only by the competitiveness of the product itself."

However, while basically confident, Oranuj also warns, "At this point we cannot be complacent. We are at the edge. There is more world competition. We have to adjust, improve our products without adding to the cost. This involves the use of more hi-tech equipment in production so that we can increase quality even more."

It is here that the role of the DEP grows in importance. It is the Thai government's designated export promotion agency, under the Ministry of Commerce and, thus, is responsible for advising the government on all matters relating to promoting export efficiency. Overseas, the DEP operates through its own network, through Thai Trade Centers in Europe, America, Australia, Japan and Hong Kong as well as through Commercial Counsellors' offices.

Confidence: How Others View Us Today

There are many international investors in Thailand. These are the views of three: Monsanto, Citicorp and Unilever:

"Monsanto has a 40-year history of growth in Thailand driven largely by the strength of our local Thai organization. Our positive experience there has convinced us of the desirability of making a major investment in performance plastics in Thailand to serve our customers in the Southern Asia/China region."

"Despite recent political events, Monsanto remains confident that the resiliency of the Thai people, the favourable Thai climate for foreign investments, our strong local partner and Thailand's central location in Southeast Asia will prove this investment to be a prudent

and productive decision."

Earle H. Harbison, Jr.
President and Chief Operating Officer Monsanto Company

"Because of sound fundamentals, the outlook for Thailand's economy over the near and long term remains good. Continued steady growth in the trading, manufacturing and service sectors, coupled with the additional stimuli provided by infrastructure investments and increased consumer spending by a growing middle class, should produce annual real GDP growth in the 7% to 9% range over the next five years. Such growth will facilitate continued economic diversity and improved resilience. The deregulation, liberalization, and market-opening initiatives undertaken in

recent years have helped improve what was already a good business and investment climate. These measures further serve to improve Thailand's competitiveness and to provide a basis for future economic growth."

John S. Reed - Chairman of Citicorp

"We have been manufacturing in Thailand for 60 years now. From our perspective, we have full confidence that the Thai society and economy can overcome the May political setbacks very soon, and we are committed to our expansion in Thailand."

M.S. Perry - Chairman of Unilever PLC

Entrepreneurship: The key To Economic Strength

As in every agrarian society, in the beginning there were landlords and peasants. These were leavened in Thailand's case during the late 19th century by an influx of Chinese, who gradually assimilated, becoming the intermediaries who facilitated the country's development.

Spurred on by a private sector that was quick to see opportunities and seize upon them, Thailand's economy blossomed and, in doing so, spawned a succession of sprawling conglomerates. Most shared the same dynastic beginnings - a strong, self-made entrepreneurial leader, whose skill and will-power drove the group to the top.

Corporate Dynasts

These business dynasties prospered. In 1970, thirty-six were listed as Thailand's most powerful commercial groups, according to Wall Street economist and project analyst Peter Beal. They were to remain, as Beal put it, "unique and supreme", until the 1980's when a new element came on the scene - the returned overseas-educated technocrats and managers, many of whom were graduates of the top

universities and technical schools in the United States and Europe.

Parallel to the rise of these Sino-Thai dynasties was the founding at the royal initiative of the Siam Commercial Bank and the Siam Cement Group. Both today are credited as being leaders in management technology, integrity and profitability. A training ground for technocrats and entrepreneurs, along with some of the more efficient state enterprises - such as the Electricity Generating Authority of Thailand and the Petroleum Authority of Thailand - they have helped build a pool of managerial talent.

The '80's Generation

In the 1980's, however, the face of entrepreneurship in Thailand began to change dramatically. Economic reform under Prime

Minister Prem Tinsulanonda brought about not only growth, but a dramatic opening of business opportunity as Thailand began its steady climb up the economic ladder. This proved irresistible for overseas-educated young Thai businessmen and business women.

Here are just two examples...

Korn Chatikavanij, 28, Managing Director of Jardine Fleming Thanakom Securities, has just about everything going for him. Educated at Winchester College and Oxford, with two and half years at S.G. Warburg Merchant Bank in London, Korn says about his return to Thailand, "Right place, right time, in one of the most exciting environments in the world." The Thai Stock Exchange he calls, "a big plate for steak" and Thailand, "the country of the future."

Lt. Col. Thaksin Shinawatra, PH.D., 40, has been called "Thailand's telecommunications czar" and for good reason. In the five years since he decided to give up his career in the planning division at the Royal Thai Police, the value of his work philosophy, "Don't limit yourself in any one direction," has been demonstrated - to Thailand's benefit as well as his own. After earning a doctorate at Texas Sam

Houston University, he returned to Thailand convinced that computers, telecommunications and satellites were the way for him to go. Within a few years, he had it all put together, creating the publicly-listed Shinawatra Group. Capitalized at \$360 million it is active in computer leasing, mobile phones and pagers, the launch of Thailand's first two satellites and cable television.

Implication For Growth

The effervescence experienced in the private sector since 1987 has carried over into every sector of the economy. Private sector entrepreneurship has raised expectations, increased performance standards and helped people the governmental reforms that promise to launch Thailand's full-fledged economic take-off in the 1990s.

Self-serving, money-losing state enterprises and companies that no longer measure up are being phased out or revitalized. The future emphasis now is on pulling together and this challenge is being met successfully by astute well-managed public companies, such as the Siam Cement Group, and progressive financial institutions like the Siam Commercial Bank create it.

Th Still

Rama performs as keel and rudder to balance the ship of state in changing winds and currents.

Advanced industries and the economic miracle of the 1980s set a new course, but he emphasizes: "The nation's soul resides in the villages." Symbols and ceremonials of the past have been revived to strengthen the Thai spirit.

He quotes Sir Isaiah Berlin, whose humane skepticism and elegantly expressed erudition set him apart from fashionable scholarship: "Each society's soul is to be found in its arts, religion and laws."

By reminding all to nurture the national soul, he ensures Thailand's stability. He gives the Kingdom something that is lacking wherever there is no equivalent moral force. He is a unifying presence: a sort of Grand Umpire who brings together opposing forces in any crisis of power because he has built up, bit by bit during more than four decades, universal trust.

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H.E., The Prime Minister:
A Special Interview

A former diplomat and businessman, Cambridge-educated Anand Panyarachun has been called "Thailand's reluctant trustee". Twice he has been asked to head governments after extraordinary events. Twice he has accepted - first after a military coup in 1991 and again after the May tragedy. Although he disdains the image of being a white knight, both times he has surprised the country and disarmed the critics with his sense of vision, his determination and his patriotism.

His present government, called Anand II in the Thai way, has as its central mission the holding of free and fair elections on September 13, 1992, and is expected to resign once a new government is formed. Here is an edited summary of an interview conducted in July.

The Aftermath of Tragedy

The most immediate consequence of the events in May was not the negative image projected abroad. As far as the Thai people were concerned there was a deep sense of disillusionment, frustration and hopelessness. What saved the day was the King's "intervention" which brought together the two leaders of the opposing forces, right in the middle of the crisis and in full view of the entire nation. The physical violence virtually stopped and there was a universal sense of relief. That was the beginning of a very long mending process.

When I was appointed Prime Minister, there was another period of general relief. I'm a beneficiary of that and I set my mind to try to restore first of all a sense of self-confidence in the Thai people, because if the Thai people do not believe in themselves and in the future of Thailand, it doesn't matter how many millions you spend

on public relations or advertising, you won't achieve what you set out to do.



H.E. Prime Minister
Anand Panyarachun

Democratic Development

I hold the belief that democracy is a bad system, but there is none better, as Winston Churchill said. I believe in the fundamental right of people to choose their own representatives. My personal interest is to see that right is preserved and is exercised by the voters. I have no way and I have

no wish to tell them who to vote for.

The September Election

I am quite sure the results of the forthcoming election will be better than the last one. I know much better I do not know. We still have time to conduct a democratic campaign. The events in May have become a catalyst. Definitely political awareness and consciousness have been raised. The momentum is there and more and more people will begin to appreciate the difference between "good" elected representatives and "not so good."

This year you see a radical change in the attitudes of the people. More and more people are prepared to get involved in the political process.

The Next Parliament

The majority of the old faces will be returned. But in the different social and political environment that has been brought about by the events of May and by the accumulated changes that have taken place in our society in the last ten years, even the old faces will have to conduct themselves better in the next Parliament.

Political Stability in Thailand

When you talk about political stability - and this a belief I have held for a number of years - those who know Thailand also know that in the past 40 years we might have had 15 or 17 coups and 16 or 17 constitutions, and yet Thailand was not much affected by these changes.

The type of changes which occurred were mainly cosmetic -

changes of individuals. But there was hardly any interruption of a market direction in our economic and financial policies.

Moreover, the bureaucracy was there in times of crisis to carry the flag. Politicians and military figures came and went, but they were not material to what was a rather stable process of gradual economic improvement, a gradual orientation of our economy to international markets and a gradual orientation to more political freedom.

"In total we will have had 18 months of formulation, enactment and consolidation of policies."

Anand I and Policy Stability

In total we will have had 18 months of formulation, enactment and consolidation of policies and measures. I do not see how anyone is going to reverse that, even if he wanted to.

Why? Because if you look at all our political parties there are no major differences in their economic orientation. None of our political parties has come and said that if they were in power they would adopt policies different from what has been going on before.

We made a concrete beginning of the process of modernizing our economy to prepare ourselves to be competitive in the international marketplace. We convinced our people of the need and desirability of integrating our economy with global trade.

"We have not yet really begun to enjoy the benefits of the Anand I reforms,"

has been institutionalized and extended to the provincial level. Beyond that, however, businessmen are more inclined than ever to take the next step and enter the political arena.

The end of complacency is just as important in the economy. Thailand will graduate to be a NIE in the '90s. But NIE status now is a moving target, defined differently in each market. Thailand's experience will be different from Korea or Taiwan, Hong Kong or Singapore. It must move much faster to identify niches of comparative advantage as southern China - and later is ASEAN neighbors Malaysia and Indonesia - follow the same track.

The work of the two Anand governments, however, gives Thailand an enormous advantage. Economically, the country has cleared the desks far more effectively than many realize.

"We have not yet really begun to enjoy the benefits of the Anand I reforms," remarks Siam Cement Vice President Pramont Sutivong: "the cost of doing business in Thailand is going to be much less. Setting up a factory is now very easy."

"Setting up a factory is now very easy."

Thailand:
Stion track.Economic Outlook:
Moving Up The Ladder

Thailand is set for an economic take-off in the 1990's that will ensure its role as the money, finance, manufacturing and technological resource hub of mainland Southeast Asia.

Between 1980 and 1989 real GDP growth averaged 7.3%, per capita GNP more than doubled, exports more than quadrupled, private investment increased more than six-fold and official reserves trebled.

Pacing this transformation was Thailand's entrepreneurially-driven private sector, which found both encouragement in the growth policies of the successive administrations of Prime Minister Prem Tinsulanonda and support from a well-established corps of overseas educated professional managers and technocrats, then successfully structuring the country's economic and social development.

Thailand was lucky when the 1985 Plaza Agreement brought a sharp revaluation of the Japanese Yen. This and the later revaluation of Taiwan's currency, led to a massive shift of light manufacturing, creating jobs and generating exports. Since 1985, investment from Japan and Taiwan alone totalled \$4.1 billion, roughly 49.9% of Thailand's aggregate foreign investment.

Aggressive export promotion policies helped diversify markets and industrial exports were twice as large as agricultural - and a double-digit growth rate made Thailand Asia's fastest growing economy.

"We made a concrete beginning of the process of modernizing ourselves to be competitive in the international marketplace."

The first government of Prime Minister Anand Panyarachun - called Anand I - set out to ensure that Thailand would continue to climb the ladder of economic development. Its achievement, according to Anand that: "We made a concrete beginning of the process of modernizing ourselves to be competitive in the international marketplace."

In the 90's Thailand emerged as "the leading country in Southeast Asia", to quote William H. Overholt, Banker's Trust's HongKong-based master Asian strategist.

This special supplement has been made possible by the generous co-operation of the following concerns:

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Department of Export Promotion
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Thai Airways International

The Board of Trade of Thailand
Thai Bankers Association
The Federation of Thai Industries
Thai Hotels Association

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3 Get-Away Islands:

Exclusive Executive Vacations.

Thailand's exotic charms have been publicized and explored by visitors from around the world for many years - and especially since the highly successful 1987 Visit Thailand Year.

Stories are legendary of desolate beaches, blindingly beautiful blue seas and unlimited food and fruit, as well as the charm and grace of the Thai people.

Traditionally, tourists have roamed the country on their own or relied on tour groups to take care of their needs as they traversed the Kingdom's roads, skies and railways.

More recently, in line with international trends, notably for top level executives, resort hotels have been built to provide all-encompassing holidays for guests who have plenty of money but limited time - who want to enjoy delights of a foreign country, but want to avoid the trouble of travel.

Although there are now a number of resorts spread across Thailand, it is the islands which offer the perfect romantic escape for the harried executive.

Here are three get-aways, each with its own attractions, all guaranteeing pristine tropical waters and abundant sunshine.

In a Class By Itself

One of the most spectacular resorts in Thailand is Amanpuri, located on Thailand's largest island, Phuket, 800 kilometers south of Bangkok in the Andaman sea.

Travellers will probably not read about this resort in the aver-

age budget holiday guide. Amanpuri has been pitched at the top end of the market - prices start at more than US\$ 1000, plus, plus. But for those who can afford, it is well worth the money.

The resort is spread majestically around its own private bay and offers a self-contained holiday, complete with water sports, power boats, truly superb Thai and international cuisine - and most important for the guest, the utmost privacy.

Its guest list includes many of the rich and famous - politicians, film stars, business legends, and royalty. Most recently Britain's troubled Duchess of York sought refuge amongst the gently swaying palm trees and the black-tiled swimming pool that forms the central attraction of the complex.

The Freedom of Koh Samui

Moving across the Isthmus of Kra, another of Thailand's more famous islands offers a special retreat of its own on the Gulf of Thailand.

Historically, Koh Samui has been the domain of the budget



tourist in pursuit of the pure and inexpensive. But the last three years have seen the opening of an airport and the proliferation of numerous hotels and bungalows.

In July the Dusit Santiburi opened its expansive doors to guests in search of sun, sand, sea and unashamed luxury. Like Amanpuri, the complex offers a complete range of facilities for its guests, who need never step beyond the perimeter fence to indulge themselves in comfort and relaxation.

However, the resort, with its 77 villas and suites, is less strict on privacy and price - it is in the US\$ 200 range. Thus the clientele is more diverse, which for some makes for a more interesting holiday.

Santiburi is spread across 23 acres bordering the Mae Nam bay and combines a fine blend of traditional Thai and modern convenience.

Isolation and Adventure

Further up the Gulf of Thailand, the country's second largest island after Phuket, Koh Chang, recently emerged from the shadows

of political upheaval in neighboring Cambodia.

Most of the island offers true isolation and adventure, as it is by many years one of the least developed destinations in the country. However, since the political settlement in Cambodia, whose stark mountains can be seen in the distance, Koh Chang, meaning elephant island, is being put on the tourism map.

The Koh Chang Resort is one of the results of this, and it takes the island - or a small part of it - into the 5-star bracket. Its 53 rooms start at less than US\$ 100 a night and are as comfortable and fully-equipped as one could want. The beaches also stretch endlessly, often marked only by the tiny trails of crabs and sparrows going about their business.

As important, the resort provides its own boat transport. The alternative, and one of the reasons why the island has remained unexplored, is a lengthy trip on a small local fishing boat.

But then, that could just as well be part of the fun.

try of Industry, other government agencies, and the private sector to ensure the striking of a mutually beneficial deal in BUILD's initial pilot projects. It was found that once an appropriate match had been reached, the shared goal of mutual profit usually provided both sides with the motivation to work through technical and other difficulties.

Thai industry has reached a point of sophistication where it is ready to push toward to the next level of production efficiency. With the support of BUILD, it will reduce warehousing costs. Transfers of technology and management know how will boost both upstream and downstream enterprises, create employment, stimulate foreign direct investment, and strengthen the Thai economy.

The Minebea Group is one of the world's largest producers of miniature ball-bearings and other electronic parts and components. Before participating in a BUILD pilot project, its executive decision makers were unaware of the production potential of Thai companies. BUILD officers made introductions and assisted in the early stages of getting Minebea together with several small-to-medium Thai companies.

From a cautious beginning of ordering seven or eight simple plastic parts, Minebea stopped importing plastic injection parts for their factories and set up an extensive network with local factories as subcontractors. Minebea engineers worked closely with the Thai suppliers in providing the latest plastics technology, and supervised training and initial production. They explained all aspects of the process to local engineers and technicians and helped solve technical problems as they arose. Both sides of the marriage are more than happy with the new arrangements.

The prospect of a flourishing environment of small-to-medium sized industries feeding Thai and foreign final product producers is BUILD's goal. The ingredients are here, the support is in place: the time is right to begin building partnerships.

The Environment:
The "Greening" of Thailand

The market for environmental products and services is set to develop in Thailand during the 1990s, creating a wide range of investment opportunities. Especially in industrial and municipal waste water treatment and the management of hazardous substances; a window of opportunity now exists for foreign product and service companies prepared to position themselves to take full advantage of growing demand.

In the next decade, the greatest investment opportunity potential will be in such fields as municipal solid waste water treatment, vehicle emission control equipments, clean technologies for the power industry, energy efficient products and services, pollution control, monitoring and laboratory services, environmental systems management training, specialist engineering consulting services and a range of niche markets.

BOI Targets Environmental Projects

Thailand's Board of Investment (BOI) unveiled criteria in April, 1992 identifying projects which promote "restoration and conservation of the environment" as worthy of special investment privileges. During the course of the coming year, detailed guidelines will be developed to specify and prioritize projects which fall into this new investment promotion category. The BOI also insists that all other new promoted projects install adequate environmental protection systems.

On the information services side, the BOI will shortly publish two investment opportunity studies: one focussing on waste management and pollution control and the other on energy efficient products.

A Growing Public Awareness

The pace at which the environmental market develops depends on a number of financial, legislative, institutional, and social considerations. However, Thailand is now committed to developing an integrated system of national environmental management and will back this with improved enforcement of pollution control legislation.

Royal Patronage Focuses on Environmental Concerns

Environmental protection is a priority of the King and Queen. Both through their travels around the country and projects carried out under royal patronage, they have considerably heightened public awareness in Thailand.

To honour Her Majesty the Queen on her 60th birthday, the Board of Investment is sponsoring a year-long project to plant 300,000 trees. This cooperative effort between the BOI and business involves nearly 3,000 firms which will add trees at factories, industrial parks, and offices nationwide. The project opens officially on August 7 at Navanakorn Industrial Estate in Pathum Thani, where 200 firms will begin making their workplaces more beautiful with the addition of Yellow Flame Boyant, Golden Shower, and Burmese Rosewood trees, Her Majesty's favourites.

Among environmental projects under the patronage of Her Majesty the Queen are the following: the Forest Conservation Project at Om-Koy District, Chiang Mai Province, which strives to conserve the environment so man and the forest can survive together; the Poo-Kiew National Conservation Park Project in Chaiyaphum Province which aims not only to conserve but also to return wildlife to its natural habitat; the Forest Loves the Water Project which covers the whole North-Eastern region and encourages local people to reforest their land; and the Village Development Project at Ban Mae-Tam District, Lampan Province which intends to replace the common practice of cutting down the forest with farming as a means of livelihood. Her Majesty the Queen has provided seeds and technology to help the people make this transition.

Promoting Industrial
Partnership : BUILD

Productive, long-term relationships between partners require effort, understanding, and shared goals. And it doesn't hurt to have good timing as well as a network of support to help get through the rough patches.

In recent years, the progressive deepening of Thailand's industrial structure has created a fertile environment for putting together profitable marriages between large industries and local suppliers in Thailand. The well-attended launching of the Thai Board of Investment Unit for Industrial Linkage Development (BUILD) initiative was evidence of the degree of interest on both sides of seeing a market driven backward linkage program succeed.

But getting together for mutual profit has been easier said than done until now; besides quality and punctuality problems linked to a lack of experience on the part of Thai manufacturing firms, there has been no trusted third party to make introductions and to construct a network of information on products, parts, and components for buyers, sellers, and interested government agencies.

The BUILD program was established to help overcome these obstacle and to provide a range of information and services for both suppliers and export-oriented industries. Further, it will direct small-to-medium Thai companies toward sources of the capital assistance, technical assistance, technical assistance, and market assistance they need to compete successfully for production contracts - and then to fulfill them according to the buyers' specifications.

Having taken on the crucial role of matchmaker, the BOI BUILD Unit is prepared to see the match through to a profitable conclusion. By analyzing needs and using a comprehensive database of up-to-date informations, BUILD officers will identify qualified facilitators within the Minis-

Ballet

Romeo and Juliet

ENGLISH National Ballet is showing its production of Ashton's *Romeo and Juliet* on the South Bank this week. The staging does not, I feel, do any service to the choreographer's memory.

Created for the Royal Danish Ballet in 1955, the year before the Bolshoi Ballet revealed the power of its monumental *Romeo* on a first visit to the West, Ashton's version is domestic in scale, oddly lacking in passion. As presented by the Royal Danes, it had a sweetness and modesty which might, generously, be described as lyrical.

Piously revived in 1985 for ENB (20 years after it had dropped from the Copenhagen repertoire) it looked something of a revenant - pale, and a bit tremulous. In this latest restoration to the Festival Hall's stage, it nowhere convinces us of the lovers' tragedy - or of Ashton's genius.

Ashton treated of love's many guises in his ballets. He could find physical passion - remember *Marguerite and Armand* - as he could explore tenderest romance (in *Two Pigeons*), show us ecstasy (in *Daphnis*), love unwise (in *A Month in the Country*) or sorrowful (in *On Time*).

In no work did he seem uncertain in portraying feeling - save in this *Romeo*, whose emotions appear constrained by the rules of an academic style. Conventional mime, conventional attitudes, even conventional steps, are like brackets upon the tragedy's momentum. And from a master of dramatic structure, the plotting of the story, the pacing of incident, lack Ashtonian subtlety.

What might justify the ballet for our time - but has been absent from any ENB performance I have seen since the company acquired the version - is Lambert's interpretation of the lovers.

There are moments when one thinks of what Fonteyn might have made of this *Juliet* (far better suited to her gifts than the MacMillan production), or how Antonette Sibley and Anthony Dowell might have shaped the duets. But given with ENB's unstellar casting, the piece has an even more papery look to it.

On Monday night Jose Manuel Carreno made a debut as Romeo, and dealt honourably enough with his task, albeit passion seemed in short supply. Rebecca Sewell was his Juliet, also a newcomer. Her reading was carefully prepared, innocent, in a role which can only come alive with a ballerina of more secure gifts.

It was Tim Almas as Mercutio who showed the panache, and assurance of style, to give character any theatrical resonance. It is one of the best things that Almas has done with the company. For the rest, the guests and townswomen were dressed in attractive Peter Rice costumes with a will. But it was none of it much like *Romeo and Juliet*.

Clement Crisp

English National Ballet presents Ashton's *Romeo and Juliet*, Royal Festival Hall until August 15, (071) 928 8800.



Andy Serkis as the suicidal Dogboy and Stephen Delane as liberal writer Tony

Television/Christopher Dunkley

Evenings in that every peasant aspires to

though set in the same social milieu - *Minder*, say, another of Lambert's series - and it takes longer to build a dedicated audience willing to put in the slightly greater effort needed for the sake of slower, richer rewards in the end.

Gleeful detractors of *Eldorado* insist that soap must be set amid the working classes or - given the middle class tendencies of the hugely successful Australian soaps - amid tight-knit old fashioned families. But since you can achieve high ratings with serial drama as disparate as *Crossroads*, *Dynasty* and *The Bill*, such rules look like nonsense.

So is this what television is for? Having never been able to get hooked on any soap opera, hard as I have tried, my answer is no. In the first week of my return television's purpose seemed to be the relaying of hours and hours of Olympic coverage, something which I expected to enjoy greatly. However, having missed the big build-up and the opening days it was difficult to feel properly involved.

Desmond Lynam, seated somewhere in limbo, with intimations of hell in that perpetually flickering flame on the studio wall (dreadfully distracting during interviews) was professional enough. But if, on the first three occasions that you switch on, you happen to see two lots of so-called synchronised swimming and one lot of dancing horses you do begin to wonder whether this is any longer a serious sporting occasion.

The closing ceremony suggested it is not. We had a mime company, a display by mounted police, a Spanish ballet, big production numbers from Plácido Domingo, Victoria de los Angeles, Jose Carreras and one of Andrew Lloyd Webber's ex-wives, many fireworks, speeches from committee men, a fire-dance with dev-

ils repeatedly described by David Coleman as "traditional", and an introduction to the peculiarly nasty mascot for the next games, presumably to give commercial promoters as much help as possible.

Finally, with proceedings running half an hour late, the athletes began to pour out of the stands and into the centre of the arena, whereupon an amplified voice repeatedly demanded that they leave the stage. The competitors were getting in the way of television's big event. It was all a far cry from that unforgettable closing ceremony at the Commonwealth Games a few years ago, when the athletes linked arms in a laughing, dancing parade which ended the occasion on an inspiring note of sporting camaraderie.

A massively unwieldy mixture of commercial promotion and overblown spectacle may indeed be what television is for nowadays. Had you switched on without knowing the occasion, you might have guessed it to be a special edition of a game show with royal guests, an international rock concert, or a charity telethon. To look at, they are indistinguishable.

Yet it would be dishonest to pretend that, even in midsummer, there is nothing worth watching. One of the things that television is really for, surely, is the programme which you flick to in the vague hope that it may hold your interest for a while only to find yourself utterly engrossed and incapable of switching off.

It occurred on Friday with successive programmes: BBC2's *Business Matters* which investigated Kenich Ohama's ideas about the global companies which we are now beginning to see develop, and the third in ITV's *Around Whicker's World*, an account of an amazing globe-circling package tour, costing £37,000 a head. Whicker, the total professional, not only conveyed the touchy atmosphere of the whole business but induced helpless laughter with his account of the film crew's disastrous midnight skinny-dipping. This was

THE Royal Court is going through an exciting period. Give it a few months more and we might see it has led a change in fashion, just as it did in the second half of the 1960s.

There are two recent big successes behind it. The Court pioneered Ariel Dorfman's *Death and the Maiden*, which continues to run in the West End and has won awards around the world. It also brought to London John Guare's *Six Degrees of Separation*, which likewise filled the house and moved elsewhere. Now it has come up with *Hush* by April de Angelis, the key to which lies in its title.

The common theme between Dorfman's play and *Six Degrees* is that they are about ambiguities, not certainties. No one in *Death and the Maiden* is quite sure what to do about the excesses of the past as a country moves from dictatorship to at least limited democracy. In *Six Degrees* no one is certain how to handle an imposter who happens to be black.

Hush acknowledges the dilemmas of trying to come to terms with a world without fixed sign-posts. It is one of the first pieces I have seen by a British playwright that admits how much the world has

changed since the collapse of communism, and tries to look forward to an unknown future rather than back to the supposed certainties of the past. It has become permissible, even at the Royal Court, to poke fun at the once fashionable left.

As one of the characters says: "This is an amazing time, an amazing time to be living in. Huge empires are breaking up. It's like the end of the ice age. Watching the ice cracking. All warm blooded species rejoice!" Those lines are spoken by a writer, Tony, who was probably always more of a liberal than a Marxist. Yet that is where the novelty of the play lies. If socialism is dead, can liberalism survive? The piece is called *Hush* because the question requires a pause for thought and prolonged, quiet discussion. The theatre has not approached such a new frontier for a very long time.

Otherwise, the play is set in more conventional Royal Court terms. A 15-year-old girl is being (playfully) buried on a beach. The girl subsequently demands, and gets, sex, from a character called Dogboy. He then practically turns canine and, having killed his dog, kills himself. Another girl, temporarily employed as the

house cleaner, wants to go off to Tibet to meet the monks, there not being enough sex on the beach at home.

Do not be put off by such old hat. Beneath the attempts to shock is a new voice trying to get out. Dogboy, played by Andy Serkis, is a reminder of the old question of what you do about people who don't quite fit: throw them out, try to be nice to them, or send them to the social security? Tony, the liberal writer, played by Stephen Delane, finally gives him money and the social security telephone number. "Throw your weight about," he says. "Demand to see the manager." But it does not stop the suicide.

Another plus about the Royal Court nowadays: everything is remarkably well-staged and acted. *Hush*, directed by Max Stafford-Clark and designed by Sally Jacobs, makes the playing area seem much bigger than it is. The piece has its faults, notably the character Colin who simply wanders off, but it certainly points in new directions.

Malcolm Rutherford

Royal Court Theatre, (071) 730 1745

London Promenade Concerts

James MacMillan

A SECOND time the Proms have played host to a James MacMillan premiere; and a second time the work has stirred its audience to roof-raising enthusiasm. Two years ago it was the orchestral work *The Confessions of Isobel Gowdie*, given by the BBC Scottish Symphony Orchestra; on Monday it was *Veni, veni Emmanuel*, the percussion concerto written for Evelyn Glennie and the Scottish Chamber Orchestra.

But whereas the 1990 Proms triumph took the larger musical world by surprise, Monday's was predicted (and preceded by a wave of publicity). MacMillan's appeal is cheering. The young Scot (b. 1958), a devout Catholic, nationalist and socialist, does not compromise his artistic goals, does not soften his idiom or his "committed" stance. Yet in *Isobel Gowdie* and now in *Veni, veni Emmanuel*, he seems to have found a musical voice that speaks vigorously, passionately and above all directly to a wide public.

The new concerto, about 25 minutes long, is a sure, confident, expertly engineered piece of soloist-versus-orchestra showmanship, which draws its peculiar dramatic energy from the brilliance - whirlwind and will-o'-the-wisp by turns - of Glennie's virtuosity.

Since the impact of the work is cunningly devised in visual as well as instrumental terms, MacMillan sends his soloist to different "stations" of the vast percussion armory at key sections of the musical development - it is good that BBC2 was there to record the premiere for a forthcoming relay.

It is also an ambitious examination of religious faith in music, whose thematic substratum, an Advent plainsong hymn, rises, finally and with strong significance, to the musical surface. In the words of MacMillan's programme note, this process may be understood as a "musical exploration of the theology behind the Advent message".

The same note later hints that the exploration is also deeply concerned with the ideas of liberation theology. This suggestion finds confirmation in the form and sound-evolution of the piece, a "five-

sectioned arch" in which successive phases of aggressive and then more inwardly-turned confrontation between sounds beaten and sounds blown or bowed achieve a final ringing reconciliation. (Literally: as the soloist climbs a ladder to strike key patterns on a set of tubular bells, the string players exchange their instruments for hand-bells.)

Veni, veni Emmanuel arrests attention from the first downbeat. MacMillan's harmonic signalling and underpinning are lucid. His gestures are graphic in vividness, focused in purpose, powerful yet economical in musculature.

The directionality of the work - its modulation from fast to slow and back again - is achieved by means at once "popular" (rock-inherited contrasts of blunt phrases and fiercely bright, hard-edged textures) and carefully organised (rhythmic patterns of *Rite of Spring* complexity).

Messiaen, the 20th-century's great vigorous, passionately and above all directly to a wide public.

For my taste, the ending flushes out an un-Messiaen-like quality that I sense running throughout the work - a cumulative preference for gestural achievement, "uplift" over discourse, hard-worked and hard-won, is "futile" too forceful an epithet to describe that quality? In any case, a second hearing, the very least, is needed to confirm or deny the suspicion - and meanwhile, the memory of Glennie's scintillating performance is ample compensation.

The conductor Jukka-Pekka Saraste, should also be praised for the fighting-fit precision of the SCO ensemble. A brief, reproachful mention only of the Beethoven First Symphony that opened the concert, all brutal accents, driven phrases, avoidance of lyricism and wit, and a word of regret at the worn sound (at the top especially) of Kathleen Kuhlmann's once velvety mezzo in two Rosini arias.

Max Loppert

James MacMillan's concerto was commissioned with funds from Christian Salvesen PLC

entertainment of a high order.

It happened again on Saturday with BBC2's *Video Diaries*, a fascinating, agonising account of 25-year-old Edel O'Brien's job as chaperone to a party of Irish teenage ballet dancers, all girls, who were among the first westerners to pay to attend a Russian ballet school. Their treatment, which appears to have been cynical and disgraceful, will have done nothing for Russia's market enterprise ambitions. However, the real interest of the programme was in the meeting between Irish and Russians, whether at the barre or in the food queues.

There was yet another example on Sunday in Channel 4's profile of Chad Varah - *The Good Samaritan*. It will win no prizes for revolutionary technique: we saw Varah speaking

to camera, heard from some of those who were inspired by him to join in starting the Samaritans, and revisited some of the places where he has worked; nothing complicated, nothing difficult. It was simply the character of the man that made the programme, though it probably helps to bring that out if you are as experienced as producer Michael Darlow.

So what is television for? To a large extent, it seems to be for filling in the time which modern man has gained by no longer having to chop his firewood, carry his water or tend his animals. All over the world, apparently, peasant farmers aspire to the lifestyle of western industrial nations.

There seems little hope of persuading them they are better off on the old green hillside than the old green sofa.



Alan Whicker prepares to spin the globe

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw 20.15 Gil Shahm, accompanied by Gerhard Opolitz, plays violin sonatas by Beethoven, Prokofiev and Brahms. Fri. Carlo Maria Giulini conducts the European Community Youth Orchestra in Beethoven's Ninth Symphony. Sun. Netherlands Youth Orchestra. Next Wed. Riccardo Chailly conducts the Royal Concertgebouw Orchestra (6718 345).

ATHENS

ATHENS FESTIVAL. Shakespeare's Othello can be seen tonight and tomorrow at Odeon of Herodes Atticus in a production by the National Theatre of Northern Greece. Mon and Tues: Sophocles' *Electra*. Performances begin at 21.00 (322 1459).

EPIDAUROS FESTIVAL

The annual festival of ancient drama in the 14,000-seat amphitheatre at Epidaurus has plays by Sophocles, Euripides,

Aeschylus and Aristophanes on most weekends throughout the summer. This week's performances (Fri and Sat) feature Aristophanes' *The Frogs*, in a production by Art Theatre Karolos Koun. Next week: Euripides' *Andromache*. Performances begin at 21.00. Tickets are available daily at the Athens Festival box office (322 1459), or at the theatre of Epidaurus every Thurs, Fri and Sat (0753-22006).

BERLIN

● The Blue Angel: Ute Lemper and Eva Mattes alternate as Lola, the nightclub singer who captivates Professor Iwan. Daily except Mon (Theater des Westens, West Berlin 3190 3193). ● 42nd Street: guest production of the popular musical. Daily except Mon (Metropol Theater, East Berlin 208 2715). ● A Midsummer Night's Dream: open-air performances of Shakespeare's play, daily except Mon (Freilichtbühne an der Zitadelle, West Berlin 331 6920). ● The Deutsche Oper opens its new season on Aug 26 with La bohème and gives the world premiere of Arlbert Reimann's new opera Das Schloss on Sep 2 (West Berlin 341 0249). The Berlin Staatskapelle gives an open-air concert at August Bebel Platz on Aug 22 (East Berlin 20 4762). ● Wolfgang Rennert conducts Aida at Waldbühne on Aug 29 (Berlin Ticket 301 9999). Heinrich Schiff plays a new cello concerto by Marek Kopelent in a Staatskapelle concert at the

Schauspielhaus on Aug 30 and 31, and the Lindenoper opens its 25th anniversary season on Sep 2 (East Berlin 200 4782). Komische Oper season begins on Sep 4 (East Berlin 2292 555). The Berlin Festival runs from Sep 2 to 27 (West Berlin 254 9250).

BUDAPEST

● Hungarian State Symphony Orchestra, conducted by Uri Mayer, gives a concert tonight at Carmelite Court, Színház u. 1-3. There are also concerts by the Camerata Hungarica Ensemble tonight, Fri and Sun at 21.00 at Corvin Hall, Szendrői utca 6. ● Rigolotto: open-air performances of Verdi's opera, sung in Italian, tonight, Sat and next Mon at Margaret Island Theatre. ● Opera concerts: Puccini, Verdi and Donizetti melodies played by the Lehar Orchestra every Wed and Fri at 20.30 at Pest Concert Hall. ● Shakespeare's Hamlet and Twelfth Night: guest performances by Open Minds English Theatre of Stuttgart daily except tomorrow at Merlin Theatre, Garlitz u. 4. ● Tickets and information available from National Philharmonic booking office, Vörösmarty tér 1.

LONDON

Royal Albert Hall 19.00 Edward Downes conducts the BBC Philharmonic Orchestra in works

by Rossini, Britten and Shostakovich. This is followed at 22.00 by a 70-minute concert by the Australian Chamber Orchestra under Richard Hickox, featuring works by Haydn, Peter Sculthorpe and Mozart. Tomorrow: Peter Maxwell Davies conducts his own music (071-823 9998). Royal Festival Hall 19.30 English National Ballet in Frederick Ashton's production of *Romeo and Juliet*. Daily till Sat (071-928 8800). Barbican 19.30 Travelling Opera's updated version of Il barbiere di Siviglia. Tomorrow: Le nozze di Figaro (071-638 8891).

MUNICH

Deutsches Theater 20.00 First night of Leipzig Opera's guest production of the Franz Lehár opera *Der Zarewitsch*, with John Pickering and Lynda Kemény in the principal roles. Daily (except next Mon) till Sep 5, with additional afternoon performances on Sat and Sun (Schwanthalerstrasse 13, 5144 380).

NEW YORK

THEATRE ● The Real Inspector Hound and The Fifteen Minute Hamlet: Roundabout Theatre Company presents a double bill of comedies by Tom Stoppard (Criterion Center, Broadway at 48th St. 869 9400). ● The Best of Forbidden Broadway: Gerard Alessandrini's long-running, ever-fluctuating

musical revue (Theatre East, 211 East 60th St, 838 9090).

● Guys and Dolls: a lively production of Frank Loesser's musical (Martin Beck, 302 West 45th St, 233 6200).

● Jelly's Last Jam: the music of Jelly Roll Morton, self-proclaimed inventor of jazz, and an unsparing portrait of the man himself (Virginia, 245 West 52nd St, 239 6200).

● The Secret Garden: a charming musical adaptation of the classic children's story by Frances Hodgson Burnett, which manages to be faithful to the spirit of the book and comment on the era that produced it (St James, 246 West 44th St, 239 6200).

MUSIC

Alice Tully Hall 19.30 Leopold Hager conducts a concert performance of Mozart's *La finta semplice*, with a cast led by Helen Donath. Tomorrow: Apollo et Hyacinthus and Thamos. Sat: Il re pastore (CenterCharge 721 6500).

Avery Fisher Hall 20.00 Edo de Waart conducts the Mostly Mozart Festival Orchestra in a programme of Mozart symphonies, concertos and arias, with soloists Emanuel Ax, Yoko Nozaki and Susan Graham.

Tomorrow: Pinchas Zukerman chamber music evening. Fri and Sat: Zukerman plays Haydn (875 5030).

● PRAGUE Tonight in Wallenstein Garden, the West Bohemian Symphony Orchestra plays a programme

including Mendelssohn's Scottish Symphony and Mozart's Fourth Horn Concerto. The Wiham Quartet gives tomorrow's recital in the South Garden of Prague Castle. The Foerster Trio play works by Mozart and Dvořák on Sat in the Lobkovic Palais of Prague Castle. Mon: classical guitar recital by Miklos Klaus. Advance booking at the Smetana Hall (U Prašné brány 2, 232 5858).

● For pre-booking and information about other events, contact city centre ticket agencies (Bohemia, Na Příkopě 16, 228738, or Melantrich, Wenceslas Square 38 in the passage, 228714).

● VIENNA OPERA The final performances of the Kammeroper's production of Don Giovanni are tonight Fri and Sat in the Imperial Gardens of Schönbrunn Palace. Performances begin at 20.50 (512 0100). The Vienna State Opera season begins on Sep 1 with Carmen (5131 513).

CONCERTS Ingeborg Baldaszti gives a piano recital tonight at 20.00 at Schönbrunn, with works by Schubert, Schumann, Mozart and Mussorgsky. Tomorrow at Arkadenhof: Philharmonia Schrammlein plays works by Johann Strauss and others. Sat at Arkadenhof: Taipei Flute Ensemble Academy (Wiener Musiksommer 4000 8410). Hermann Baumann gives a horn masterclass at the Konservatorium on Fri (512 8381).

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN 2000-2030, 2300-2330 World Business Today - a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel 0800-0900 (Mon) FT East Europe Report - weekly in-depth analysis from FTTV

2300-2330 (Tues) Media Europe - what's new in European media business

2100-2200 (Wed) FT Business Weekly - global business report with James Balliol

0800-0900 (Thurs) Media Europe 2100-2200 (Thurs) FT Eastern Europe Report

0800-0900 (Fri) FT Business Weekly

Sky News 0100-0200 (Mon), 2100-2200 (Thurs), 0800-0900 (Fri) FT Business Weekly

SATURDAY CNN 0900-0930 World Business This Week - a joint FT/CNN production 1800-1900 World Business This Week

Super Channel 1800-2000 FT Eastern Europe Report

SUNDAY CNN 1000-1100, 1800-1900 World Business This Week

Super Channel 1800-1900 FT Business Weekly

Sky News 1200-1400, 2300-2400 FT Business Weekly

FINANCIAL TIMES

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Wednesday August 12 1992

Critical months in Japan

JAPAN MAY not yet be suffering a western-style recession, but the probability that it will do so rises by the day. The official government line remains sanguine. But the stock market knows better, and its continued downward path suggests further troubles to come. Little wonder that, behind the scenes, Japanese officials are becoming increasingly edgy.

Japan is midway through an Anglo-Saxon style debt deflation, a fact that is finally dawning in Tokyo. Japan's debts are concentrated in the financial sector, while household debt levels remain low. And the Bank of Japan has been able to cut interest rates five times in the last 13 months to ease the pressure, albeit in a tardy fashion compared with the US Federal Reserve.

Japan's disadvantage is that bank balance sheets are closely tied to the value of the stock market through the banks' holdings of unsecured equity capital gains. Share values have fallen by 62 per cent since their 1989 peak and yesterday's fall in the Nikkei average to 14,822.56 was the first time it has closed below 15,000 since March 1986. Only a few months ago, analysts quoted 16,000 as the floor beyond which bank capital adequacy ratios would be violated.

The pressure on banks to rebuild their capital is spilling over into the wider economy. Only the most creditworthy customers now receive a warm welcome. Bank lending in July was unchanged from June, the eighth successive month in which the growth of bank lending hit a record low. Broad money growth has slowed almost to a standstill.

Depressed confidence

Not surprisingly, the economy looks sicker by the day, despite government claims that the slide is coming to an end. Japanese companies continue to cut investment, and private sector machinery orders, excluding shipbuilding and electric power companies, fell by 19.2 per cent in June compared with a year ago.

Even Japan's consumers, normally sheltered from the turbulence of the economic cycle, are feeling the pinch. The ratio of job offers to applicants is at its lowest level in four years, and some smaller companies are laying off staff. Consumer confidence is

depressed and department store sales are falling.

Official government forecasts for 3½ per cent growth this year now look absurd, as even the Ministry of Finance concedes. But the Tokyo market consensus of 2½ per cent growth, a better reflection of current MoF thinking, still looks too optimistic. Economists at the London subsidiary of Dai-ichi Kangyo Bank, released from Tokyo's conformity, plan to halve their current 1.2 per cent forecast for 1992. Nor does next year look much better, even if a world recovery can fuel Japan's already impressive export performance and the risk of a large bank failure is avoided. Rebuilding balance sheets is a long process which will take years not months.

Today, electronics manufacturers, on whose products the revolution is based, are reporting declining revenues and profits and are finding it difficult to fund further developments. One-time competitors are being forced to form alliances in order to create the next generation of high technology products.

Development costs have become so great that no single semiconductor company is prepared to risk the investment. Annual spending on capital equipment and R&D alone for a large semiconductor company such as Intel of the US, is nearly \$2bn. The consequences are becoming painfully obvious. Fujitsu of Japan, for example, one of the leading companies in chip technology, warned last week that it would make its first interim loss for more than a decade.

The plight of the chip makers is a watershed in the turbulent development of the "information technology" sector. The expression was coined to describe collectively semiconductors, computing, consumer electronics and telecommunications. These industries, through their potential to influence every aspect of life, would drive the engines of the third industrial revolution in succession to steam and electricity.

Since the beginning of the IT revolution, industry estimates have forecast that by 2000, the IT sector would generate \$2,000bn a year in sales. Employment would be created through the formation and expansion of companies in the sector and through its effect on other businesses which use IT. Jobs created through the exploitation of IT would more than compensate for those lost through automation, it was believed.

There has been little to challenge that optimistic scenario for more than 15 years. Growth in every sector of IT has been robust, sometimes explosive. Microelectronics has been the key to progress. New industries and companies have emerged as a result of the ready availability of low-cost, miniaturised electronic components. The modern facsimile machine market, for example, has grown in a few years to a value of

over \$100bn, a prospect of foreign policy success will be gratefully seized. If the prize can be achieved in a way that improves Mr Bush's standing with the influential US Jewish community, as yesterday's love-in certainly will, so much the better.

This represents, in Mr Henry Kissinger's phrase, a "window of opportunity" for all sides - not least for the Arabs. Palestinians' suspicions may be aroused by the sudden US-Israeli rapprochement, but it is they who have most to gain from exploiting the new Israeli flexibility that underlies it. That essentially means being realistic about what they can obtain at this stage of the process.

More limited

As Mr Rabin has repeatedly made clear, there is no question of his current government offering a land-for-peace deal as such. What may be available is something much more limited - a transitional arrangement on Palestinian autonomy as provided for at Camp David, and an understanding that the territories' final status is to be negotiated after a specified number of years.

Even this much will be very difficult to agree. However far and fast his left-wing coalition partners want to go, Mr Rabin feels constrained by his desire to carry with him mainstream Israeli opinion and to keep opposition from Jewish settlers to the margins. The Israeli and Palestinian definitions of autonomy will be so different as to be mutually unrecognisable.

And however strongly Mr Bush may want the talks to succeed, some of the external impetus behind the negotiations may be lost if, as is widely expected, Mr Baker steps down as secretary of state to take charge of the presidential campaign.

That the talks have reached this point is thanks to American pressure as much as to growing realism among Arabs and Israelis. But America is not going to be there holding the reins, or holding Israel's hand, for over; the US election campaign itself illustrates how domestic concerns have come to the fore. All the more reason, then, for the parties themselves to demand that the talks restart in a brisk and decisive fashion.

Camp David revisited

WHAT A difference an election makes. Less than two months ago, the leaders of the US and Israel were barely on speaking terms, and President George Bush was punishing what he saw as intransigence on the part of Mr Yitzhak Shamir, the Israeli prime minister, by withholding \$10bn in US loan guarantees.

Yesterday at the presidential summer home in Maine, Mr Bush and Mr Shamir's Labour successor, Mr Yitzhak Rabin, gave a vivid demonstration of how much has changed since the latter's election victory in late June. Amid extravagant expressions of mutual affection, Mr Rabin evidently convinced Mr Bush that he is committed to making a success of the next round of Middle East peace talks, due to commence in Washington on August 24, and Mr Bush responded by promising to press Congress to release the loan guarantees.

For good measure, Mr Rabin even gave President Bush's flagging re-election campaign a filling by praising his leadership in the Gulf war.

The change is more than atmospheric. Mr Shamir was a genuine obstacle to the peace process that Mr Bush and his secretary of state, Mr James Baker, have expended so much effort on. In the past six weeks, Mr Rabin's centre-left coalition has done much to prepare the way for progress: he has frozen almost all new Jewish settlement activity in the Israeli-occupied West Bank and Gaza Strip, and has promised to engage in intensive negotiations on interim self-rule for their Palestinian inhabitants. Circumstances have not been set so far for some form of new Israeli-Arab understanding since the 1978 Camp David accords negotiated between Jimmy Carter, Menachem Begin and Anwar Sadat.

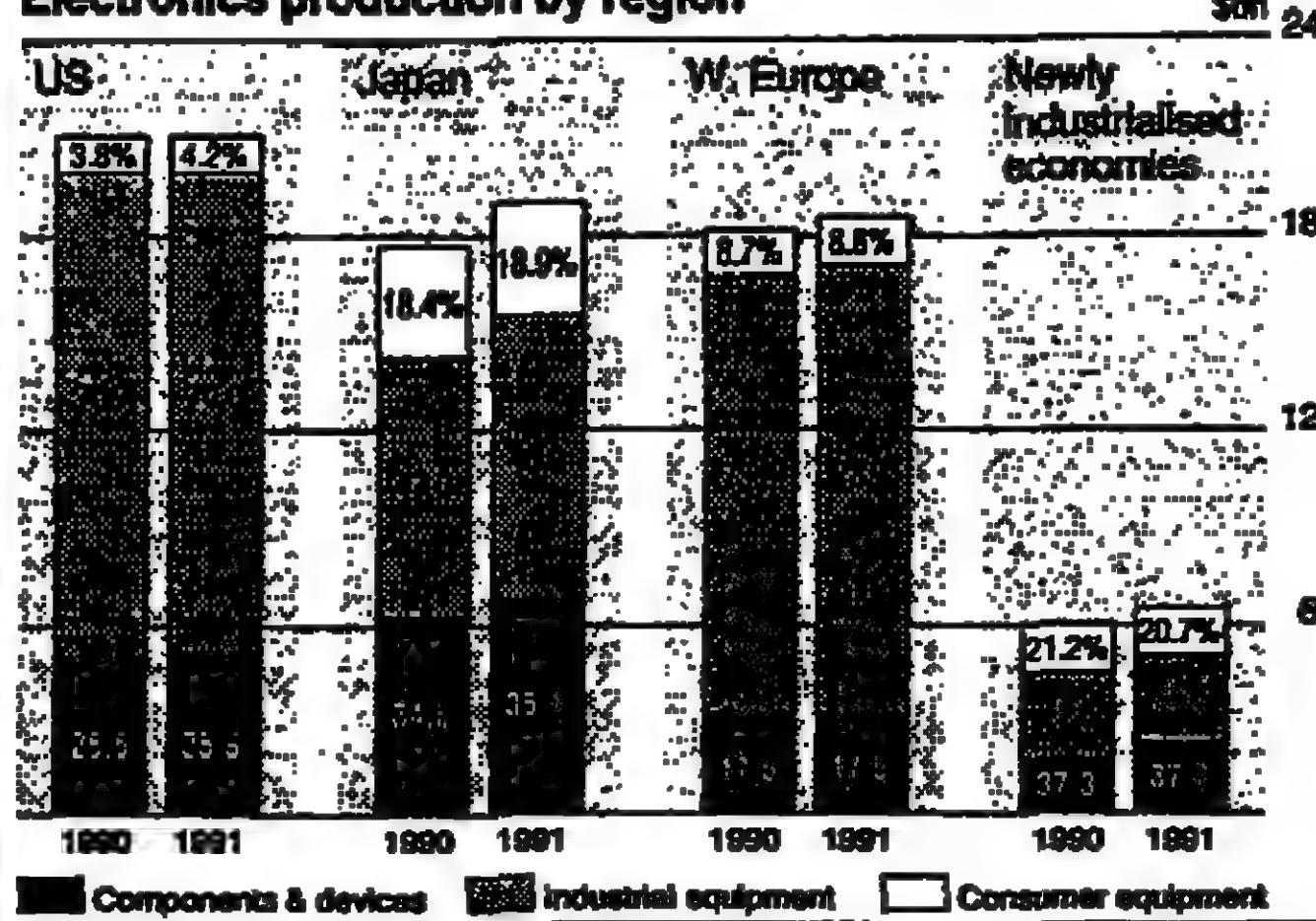
Rapid progress

President Bush himself has good political reasons to want to secure rapid progress in the Middle East. In the eyes of the American public, the failure to make headway with Arab-Israeli talks has tarnished the US victory in the Gulf war, at a time when Iraqi President Saddam Hussein is still taunting Mr Bush from Baghdad and Washington seems at a loss

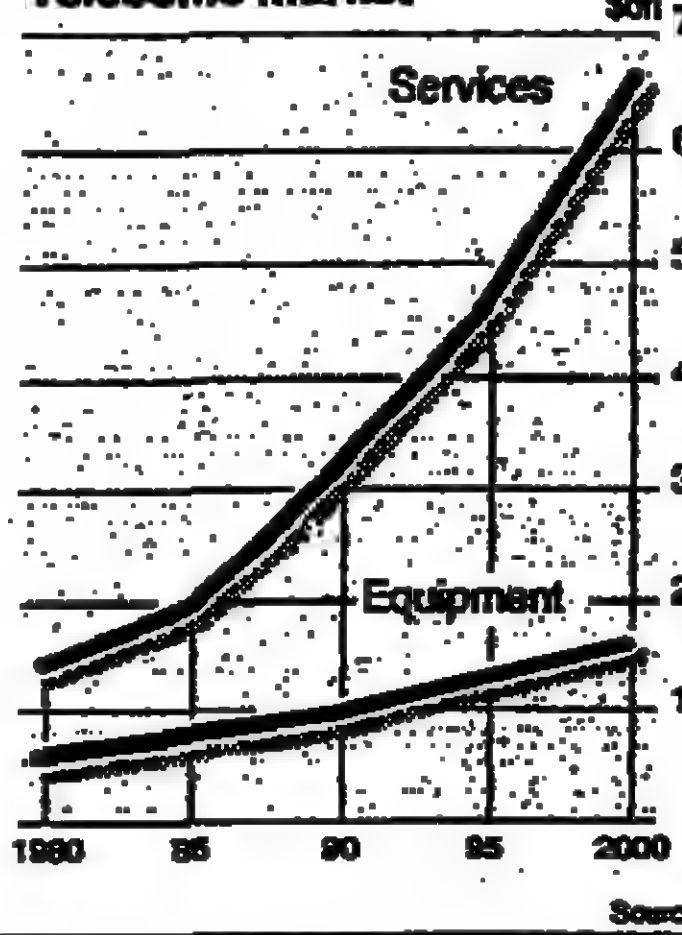


Worldwide information technology industry

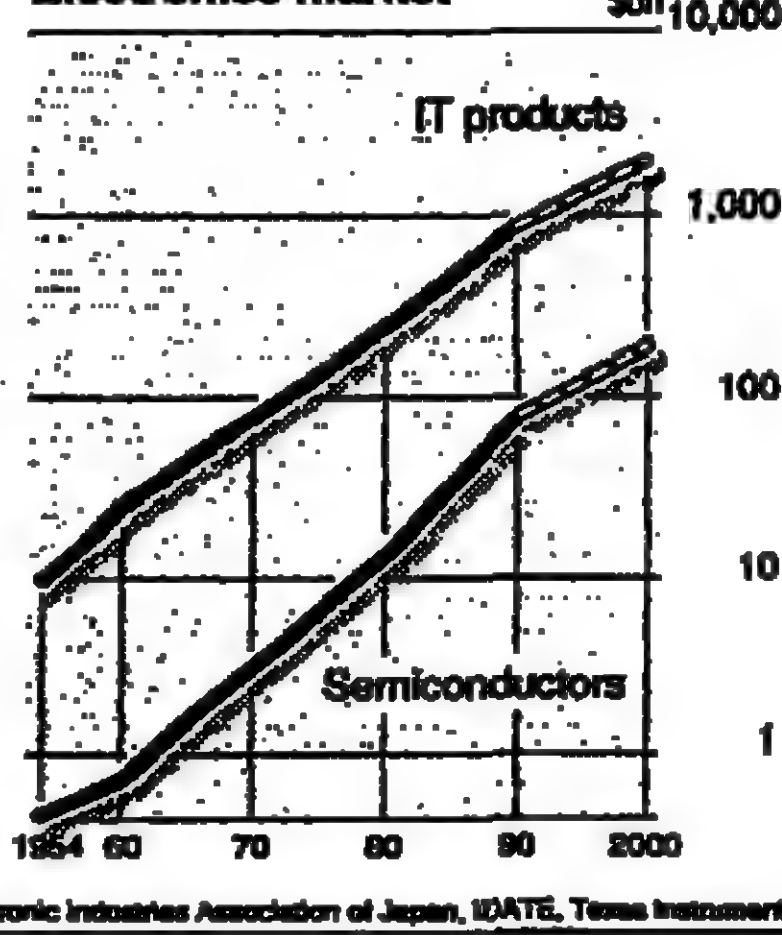
Electronics production by region



Telecoms market



Electronics market



The information technology revolution seems to be losing momentum, less than two decades after bitter competition in microchip development in the 1970s between US and Japanese electronics companies held out the promise of a new economic era.

The developing technology was expected to usher in a period during which information would succeed labour and capital as the dynamo of growth.

Today, electronics manufacturers, on whose products the revolution is based, are reporting declining revenues and profits and are finding it difficult to fund further developments. One-time competitors are being forced to form alliances in order to create the next generation of high technology products.

Development costs have become so great that no single semiconductor company is prepared to risk the investment. Annual spending on capital equipment and R&D alone for a large semiconductor company such as Intel of the US, is nearly \$2bn. The consequences are becoming painfully obvious. Fujitsu of Japan, for example, one of the leading companies in chip technology, warned last week that it would make its first interim loss for more than a decade.

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Dividends and dividend cuts are back in the headlines after last week's announcement by BP. This prompts the question: how much do dividends matter?

Over the long haul, they matter a great deal. Ignoring dealing costs, a tax-exempt investor who put \$1,000 into a broad portfolio of UK equities in January 1955 would today have a portfolio worth \$157,000. If the dividend cheques had instead been torn up, the portfolio would be worth only \$25,000. The difference is attributable to dividends and dividend growth. This explains why long-term investors care about dividend growth, and hence about dividend prospects and announcements.

Dividend announcements provide important information about the future. This follows from the ground rules companies use to set dividends. First, companies "smooth" dividends, with changes tending to follow shifts in long-run sustainable earnings. Transitory changes are seldom allowed to affect dividends. Second, companies take future prospects into account, and since managers generally have better information than investors, dividends provide an important communications channel. And third, companies try to avoid dividend cuts at almost all costs.

These ground rules help ensure that dividends provide a simple, highly visible signal about future prospects. This signal has built-in credibility because it is backed up by hard cash.

Evidence confirming the importance of dividend announcements is provided by a recent London Business School research study. This examined nearly 8,000 dividend announcements by UK companies

A hiatus for the high-tech dream

The revolution promised by IT may be running out of steam, writes Alan Cane

\$2bn a year in the US alone.

Over the past two years, however, the broad picture has deteriorated rapidly. Many leading IT companies, among them the US computer manufacturers International Business Machines and Digital Equipment, have fallen into loss. The Japanese consumer electronics companies Sony and Matsushita are reporting sharply reduced revenues and profits. Profits at Philips of the Netherlands, Europe's biggest consumer electronics company, have fallen sharply despite a radical restructuring of the group.

Overall growth in the semiconductor market this year will average less than 11 per cent; for computers, it will be about 5 per cent. For consumer electronics, growth will be flat. In mature industries, these would be unremarkable figures, but IT businesses have been used to growth of 20 per cent a year or more.

The downturn has a chilling significance for high-technology industries. It indicates that in each area, the market may not be growing quickly enough to generate the cash needed to fund development of the next generation of products.

According to Mr Brian Atwell of the Gartner Group, a US-based IT consultancy, unless the market grows by at least 15 per cent a year, it becomes difficult for companies to afford the level of investment necessary for successful innovation.

Why has the optimism which drove the industry in the 1970s and 1980s turned sour? Can there be a return to the growth rates of earlier decades - which would seem to be necessary if the industry is to make progress?

The answers are complex. The IT business is at the confluence of several separate trends which are conspiring to slow growth, drive down prices and reduce the attractiveness of IT products to customers. These include the world recession and the falling cost of semiconductors and computer hardware. Leading semiconductor manufacturers, for example, have been unable to

reap the benefits of heavy capital investment in the present generation of memory chips because overcapacity has depressed prices. The price of the industry workhorse, the 4M3 fast-memory chip, has fallen by 55 per cent over the past 12 months to a mere \$12.

There have also been moves to standard computer systems which are intrinsically less expensive than custom-designed equipment and a general disenchantment with electronic technology. Sir Denis Henderson, chairman of ICI, sums up the position: "I still worry enormously about the amount we spend on IT and the increasing difficulty of justifying that expense in terms of the bottom line."

His comment explains why this recession is different from those of the past. In previous recessions, companies continued to invest in IT, especially in the US, in the belief that it would improve their efficiency and competitiveness. This time, the simple efficiencies have already been achieved and there is little faith that further investment will bring improved performance.

A glance at companies in each of the major IT sectors reveals the difficulties that they face. It also shows how some "star performers" which have focused on products with a high added value have managed to buck the trend.

● **Semiconductors.** While Japanese and Korean manufacturers - such as Fujitsu and Samsung, which make the lion's share of the world's commodity memory chips - face declining profits, Intel of the US produced record results in 1991, pushing both revenues and profits up 22 per cent. Intel is the world's largest supplier of microprocessors, the chips at the heart of most personal computers and telephone exchanges. It is profiting from its decision not to license its most advanced microprocessor technology to other manufacturers.

● **Consumer electronics:** the

decline in growth at companies such as Sony, Toshiba and Philips also reflects a lack of current products with high added value. The industry is between product cycles; customers are weary of minor improvements in old products such as hi-fi and television. It will, however, be several years before the price of innovations touted to become successes on the scale of Sony's Walkman fall sufficiently to attract mass audiences. These include the digital compact cassette, the mini-disc, high-definition television (which offers cinema-quality images) and interactive video.

Where a company can add value through innovation, however, it can buck the downward trend. Sharp, for example, which has developed a relatively cheap high-definition television, is almost alone among Japanese electronics companies in not having had to revise downwards its profits forecast.

● **The computer industry** is undergoing a transformation more profound than any other IT sector. Computers, especially personal computers, are falling in price by 20 per cent or more a year as microprocessors and memory chips become cheaper and competition intensifies.

Manufacturers, distributors and dealers are being forced to accept narrower gross profit margins to the point where there is concern that resources will not be available to support existing products or develop new ones. Typically, margins in the computer industry have averaged between 40 and 60 per cent. In the case of personal computers, however, margins are less than 20 per cent.

The problem has been intensified by a sudden slowdown in the market, which is only partly the result of the recession. It also reflects a dissatisfaction among customers with investments in IT.

In a forthcoming study, Mr Carl Dahlman and Mr Ashoka Mody of the World Bank argue: "The aggregate impact of IT on productivity performance has been disappoint-

ing," Dr Peter Weil, author of a study on the value of IT in manufacturing, notes: "What makes managers uneasy about IT is the lack of evidence that previous investments have generated business value."

Computer manufacturers are increasingly turning to computing services - helping their customers get the best out of their investments - to counter disenchantment with their products and to restore falling revenues. Services such as facilities management - operating a customer's computer systems - command higher gross profit margins than making computers.

● **Telecommunications** is a relatively distinct member of the IT sector. It is linked to the other electronics industries only by its prodigious use of semiconductor technology. While the growth of the other members of the IT group has been based on products, telecommunications has operated as a service operated by monopolies under strict regulation.

The outlook for telecommunications is broadly encouraging. Growth will be driven by continued deregulation and the removal of state monopolies. In the competitive US market, the average person makes twice as many telephone calls as in Europe, where the authorities are only now starting to liberalise markets.

What conclusions can be drawn from the hiatus in the IT industries? First, the technologists have done a good job; the industry has moved from youth to maturity in only a few years. The revolution has not been halted, but the corporate structures of its leading players have found it difficult to respond to the rate of change.

Second, there will be an increasing trend towards products and services that provide high added value, and therefore respectable profit margins, rather than the production of commodities such as memory chips and basic personal computers.

There are already moves in this direction. Mr John Diebold, a US computer consultant sometimes known as the "father of automation", has been examining new uses for IT in intelligent road systems, environmental monitoring and health care.

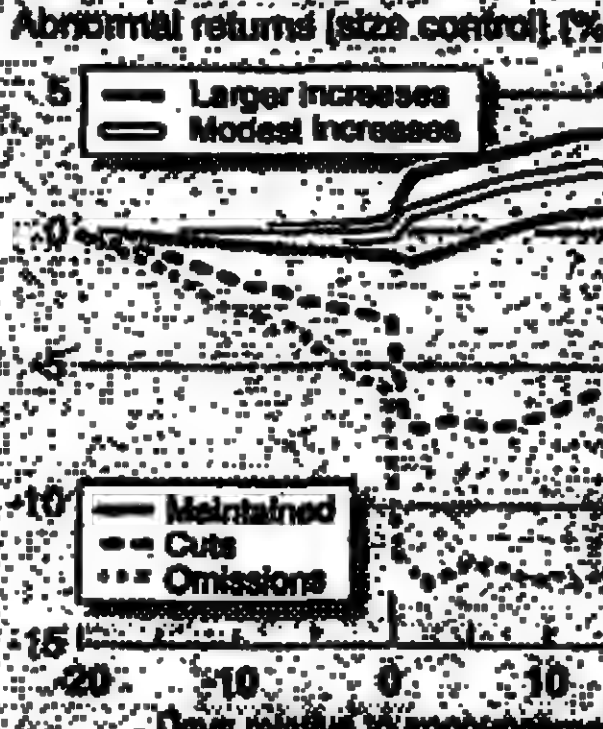
The IT industry is like a train forced to slow unexpectedly; there is little chance of it being derailed but passengers without a handhold have been severely shaken. Without developments of the kind Mr Diebold is encouraging, it may be difficult for it to pick up speed again when the way ahead is clear. Additional reporting by Michiko Nakamoto and Hugo Dixon.

PERSONAL VIEW

Why dividend cuts are a last resort

By Paul Marsh

Dividend announcement effects



ever, post-announcement performance is broadly neutral.

The second graph focuses on dividend cuts, extending the time frame to a four-year window centred on the announcement. It provides the strongest evidence yet that companies which reduce their dividends have been performing very poorly, and that much of the bad news has been discounted prior to the announcement. Thus over the two-

The choice is not one of dividends versus investment; potentially companies can do both

year pre-announcement period, companies which reduced their dividends showed an abnormal return of -39 per cent (-33 per cent for cuts and -46 per cent for omissions). The larger companies in the sample showed an even greater abnormal return of -46 per cent; in relative terms they had lost nearly half their value.

The right-hand chart also shows

Dividend reductions



that the market's reaction to dividend cuts is not a short-term emotional over-reaction, since, on average, there is no subsequent "price correction". For dividend reductions, the two-year post-announcement abnormal return was -5 per cent, while for larger companies it was -4 per cent. This approximately neutral performance suggests that, on average, the market's assessment was broadly correct when the dividend was announced.

Although dividend reductions became far more prevalent in the second half of the period covered, particularly in 1992, research indicates that the share-price reaction to cuts has in no sense mellowed.

Companies contemplating dividend cuts can draw a simple lesson from these findings, namely that the market interprets cuts as a powerful signal of bad news. Investors know the ground rules companies will not cut dividends unless they have to. They also recognise that cutting the dividend has, until now, placed companies in a fairly dubious line of poor performers with many notorious corporate casualties as fellow members.

Many argue that companies should change their ground rules, and make dividend cuts more frequently. One suggestion is that they should maintain a constant pay-out ratio, automatically lowering dividends when earnings fall.

This, however, would result in volatile dividends, and would impose costs on investors who have chosen particular stocks for their income requirements. It would also mean that companies could no longer use dividends as signals. Even more importantly, it could let management off the hook. For as long as dividends are viewed as a quasi-commitment, this maintains the pressure on management to find ways of cutting operating costs and improving efficiency.

Companies concerned with their shareholders' interests would therefore be well advised to adhere to the conventional ground rules, and adopt a consistent, long-term dividend policy which is appropriate for their clientele of investors, and compatible with the cash needs of their business.

But what if the policy ceases to be consistent with the company's cash needs? The worst action companies could take would be to cut back on profitable investment projects, or otherwise to jeopardise the future of the business. This would be short-termist indeed.

The choice such companies face, however, is not one of dividends versus investment; potentially they can do both by seeking external financing. Such companies should view this not as a dividend problem per se but as a financing problem. A dividend cut would be one possible solution but, in general, it should be embarked upon only if the situation is truly bleak.

The author is professor of management and finance at the London Business School.

Shenzhen to issue more shares after civil unrest

By Simon Holberton
 in Hong Kong and
 Yvonne Preston in Beijing

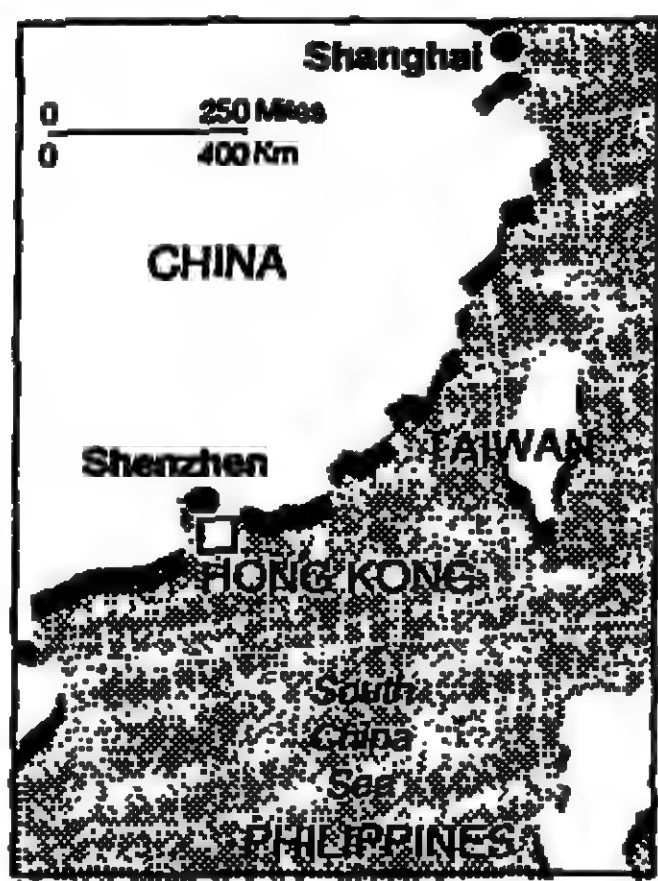
ANGRY INVESTORS were yesterday promised by officials in the southern Chinese city of Shenzhen that they would get another chance to enter a lottery for new share issues after China's worst civil unrest since Tiananmen Square.

Trading on the Shenzhen Stock Exchange - China's first stock market which opened in December 1990 - was suspended for both local and foreign investors after rioting broke out on Monday night over alleged corruption in allocating share application forms.

Exchange officials said they hoped to re-open the market today - when the local bottle of Pepsi Cola, Shebao, is due to be listed. China's other exchange, Shanghai, suffered an 11 per cent fall in prices of shares reserved for Chinese yesterday.

China's cabinet met in emergency session in Beijing to discuss the riots and extra police were drafted in to Shenzhen to keep public order. Mr Lau Gan, the cabinet secretary, was reported to have been sent to Shenzhen to assess the causes of the riot.

Late last night, thousands of



frustrated, weary people still stood in queues outside two banks in the city centre. Riot police swinging wooden clubs charged the crowds several times while other police dragged suspected queue jumpers out of the crowd and beat them. One policeman repeatedly fired a stun gun, scattering terrified investors and onlookers in all directions.

The outbreak of civil unrest has come at a delicate time for those in the Chinese leadership who advocate further economic reforms and are concerned about political stability.

A congress of the Communist party, which is widely expected to endorse plans for fast imple-

mentation of reforms promoted by Deng Xiaoping, China's senior leader, will be convened in the autumn. The riots may be used by those opposed to the reforms to show the destabilising effects of market-oriented policies.

Deng praised the Shenzhen market during a visit in January, but said that if the experiment did not work it could be closed. The rioting, which continued into the early hours yesterday, was the worst civil strife since pro-democracy demonstrators occupied Beijing's Tiananmen Square in June 1989.

Over the weekend, an estimated 1m people flocked to China's richest city, which borders Hong Kong, to apply to join a lottery for new shares. Unsuccessful investors rampaged through the city.

Demonstrators carried placards alleging widespread corruption in the distribution of 5m application forms for the lottery for new share issues.

This is the first time since 1989 that allegations of official corruption have led directly to civil unrest. The existence of high-level corruption was one of the main complaints made by students and others during the demonstrations in 1989.

Impasse or impetus, Page 13

Tokyo's private investors shun lure of market

By Emiko Terazono in Tokyo

SALES clerks at the Nomura Securities branch in Ginza, Tokyo's central shopping and business area, sit idly behind empty counters. They fail to react to the flashing price board, indicating another fall of the Nikkei stock index.

Except for an occasional pedestrian peering in to check share prices, the branch is quiet and the second floor, designated for "individual investment consulting", is deserted.

With the Nikkei's weakness well into its third consecutive year, Japan's individual investors have reacted coolly to the recent plunge on the Tokyo stock market.

"I don't want to have anything to do with stocks," says Mrs Kyoko Aoyama, a housewife living in Tokyo, who purchased a total ¥7m (£28,800) worth of stocks in the late 1980s. "I bought about seven issues and wanted to use the profits for my son's university tuition, but now I've lost about a third of it. Looking at share prices just irritates me."

Mrs Aoyama is only one of the disillusioned Japanese retail investors who have turned away from the stock market. Earlier this year, brokers tried to woo individuals back into the market with advertising campaigns.

Brokers believe that, with institutional and foreign investors discouraged from buying, the return of the private investor is essential for a stock market recovery. "In the past, active buying by individuals has signalled a rebound in share prices," says Daiwa Securities.

But individuals have been unmoved by Japanese securities houses' efforts to rebuild investor confidence, shattered by last year's spate of stock scandals, involving brokers' dealings with gangsters and loss compensation for favoured clients.

Individual Japanese investors have shunned stocks and plumped for fixed-income investments. Last month, stock investment funds saw ¥226.4bn in cancellations and redemptions, which exceeded new fund establishments in the 17th consecutive monthly net outflow.

In contrast, the money management fund - a new bond and money market fund offered to the private investor - has attracted ¥3,173bn since its debut last May, and postal savings, which offer higher rates than normal bank deposits, rose 16 per cent from last March to ¥158,000bn at the end of June.

The low dividend yield of the market is no incentive. Japanese investors have generally focused on share price rather than dividend yield, but with the stock market 60 per cent down from its peak, the present yield - about 1 per cent - is not attractive.

Financial authorities have become increasingly worried about the lack of interest among individuals. Mr Tada-shi Ogata, the newly-appointed director of the Finance Ministry's securities bureau, urged changes in the securities industry to benefit the retail investor.

The Tokyo Stock Exchange wants to increase the availability of shares to individuals, and is urging companies to reduce the minimum investment unit from 1,000 shares to 100.

But such measures are unlikely to convince individuals who have lost heavily on their stock portfolios. Mr Hideo Ichikawa, 36, a Tokyo office worker who borrowed ¥5m to buy stocks for the first time in 1989, is repaying the interest on his loans by borrowing more money with his credit card.

"I've had enough. Working hard for a salary is the best way to make money."

THE LEX COLUMN

GA's preferred option

General Accident's announcement that it will follow Commercial Union into the preference share market underlines the gaping hole blown by recession in the balance sheet of the UK insurance industry. An issue of perhaps £150m should be feasible given GA's excellent connections among Scottish institutions, many of which are increasing holdings of fixed-interest securities. This would improve GA's solvency margin by about 5 percentage points. Yet the margin fell by that amount in the last eight months alone.

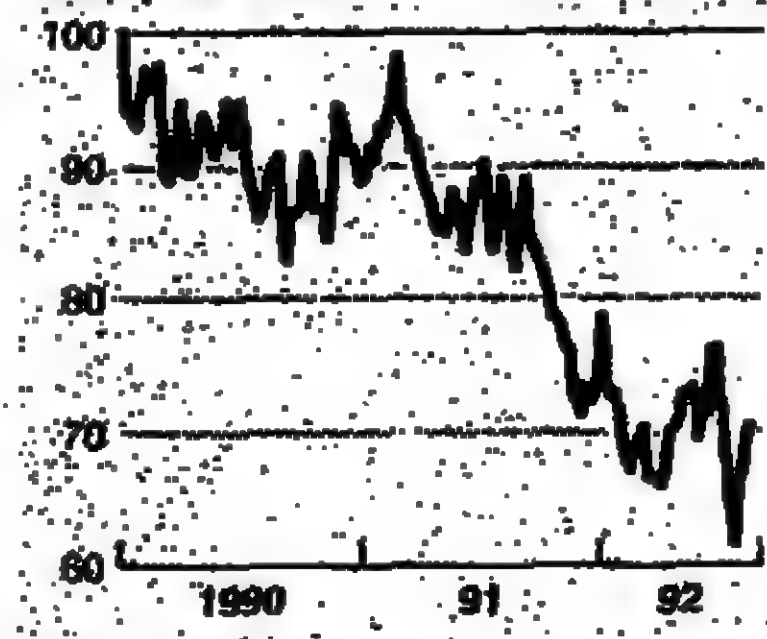
With an investment portfolio delivering little or no growth, no retained earnings to rely on and the cost of maintaining an uncovered dividend, GA is running just to stand still. The uncut interim pay-out drained £43m from net assets in the first half alone. A slug of preference capital would certainly improve the odds in favour of the dividend being maintained. More than anything this may explain yesterday's 2 per cent rise in the share price.

However, yesterday's interim results also suggest that GA has reached the turn at an operating level. The biggest concern must be that profitability is so far being restored at the expense of market share. UK premium income in the first half was virtually unchanged over last year, in spite of sharply higher rates on some lines of business. A sceptic might question the wisdom of shedding so much business at the bottom of the cycle. One suspects that GA is only too aware of the conflict. A preference issue may give it breathing space to preserve market share until conditions improve.

FT-SE Index: 2309.60 (-15.1)

General Accident

Share price relative to FT-SE All-Share Index



Source: FT Graphics

truly embarrassing loss of face. Nor does the foreign exchange market relish reminders of the government's acute desire to avoid a mortgage rate increase. Every such reminder only serves to dilute its faith in the authorities' determination to raise interest rates if necessary to defend sterling. Perhaps it is just as well that, for yesterday at least, exchange dealers had the distraction of concerted intervention in support of the dollar to keep their attention away from sterling.

De Beers

A diamond may be forever, but not as a dividend. De Beers' announcement that it will reduce its final dividend substantially shows that the recession has not left the Byzantine world of diamond dealing untouched. That would be unsurprising, had not the company's chairman, Mr Julian Ogilvy Thompson, given an upbeat assessment of prospects only three months ago. The 6 per cent fall in De Beers' shares reflects how far the market has been wrong-footed. His credibility has been dented.

The company may have been rash to rely on optimistic projections of the world economy, but the problems with the diamond market run a little deeper. De Beers' decision to defer purchases of 25 per cent of the diamonds for which it is contracted reflects the strain facing the cartel which it runs through the Central Selling Organisation.

Mopping up illicit diamonds from Angola has proved expensive, and one of the beauties of the cartel's marketing operation is its ability to spread

the misery around producers. This will clearly be unpopular. Besides saving cash, cutting the dividend may make the reduction in diamond purchases more palatable to cartel members outside South Africa. The company should be able to contain any leakage of diamonds from the cartel, but it is hard not to conclude that part of De Beers' difficulty is of its own making.

British Airways

It was almost inevitable that British Airways' first-quarter profits should bounce back sharply from last year when business was still severely depressed by the Gulf war. Less easy to foresee was the 6.5 per cent drop in yield per passenger kilometre. BA has not only suffered a shortfall in premium fares from business and first class passengers, it has been discounting to boost economy class volumes.

The upshot may be an increase in market share, but the strategy also makes BA particularly dependent on its ability to trim its expenses. Since yesterday's figures also show it on track to cut costs by £150m in the current year, the market may have been a little negative in marking the shares down by 3 per cent. The need for discounting should abate quite quickly when economic recovery does eventually come. Even if this takes until well into next year, the chances are BA's economy programme will continue to pay off meanwhile.

British Telecom

British Telecom had good reasons for giving way to the regulator OfTel. The pricing regime of inflation minus 7.5 per cent is tough, but with BT's scope for cost savings, not impossible so. Given that, the risk of going to the Monopolies and Mergers Commission was simply too great. The market may now take heart from the stability this agreement will bring. In current conditions even reduced earnings prospects can seem attractive when combined with a strong balance sheet.

There is also much to be said for leaving others to fight your battles. Privatised companies may feel that regulation is becoming too automatic and interventionist, but they can rely on such issues being raised by the MMC's investigation of British Gas. The differing routes chosen by BT and British Gas highlight which can more easily cope with pricing restrictions.



On the road: Senator Al Gore (right) has an early morning run with Raymond Flynn, mayor of Boston where the vice-presidential candidate is making several campaign stops

Serbia opens up camps

Continued from Page 1

resolution "will make it possible to (deliver aid) peacefully and without any use of military force". But he said "military measures would be contemplated... as a last resort", if the UN vote authorising force to protect the aid efforts failed.

Nato is likely to discuss this issue on Friday when all 16 member states meet to consider contingency plans for the possible use of force in Bosnia.

Banks act to prop up \$

Continued from Page 1

equity markets. Over the past week, Wall Street has fallen, while Tokyo's 225-share Nikkei index has slumped to levels last seen in early 1986.

Yesterday, it dropped below 15,000 to close at 14,822.56, down 343.78.

The support for the dollar boosted European equities. German shares moved ahead in after-market dealings, while in London, the FT-SE 100 index closed at 2,303.8, down 15.1 points, but well up on the day's low of 2,294.7.

Wall Street was weaker, however, with the Dow Jones Industrial Average down 12.15 points in the early US afternoon at 3,325.43.

International Paper to invest in Poland

By Karen Zagor in New York

INTERNATIONAL Paper, the US forest products group, yesterday announced its first venture in eastern Europe with the acquisition of an 80 per cent stake in Poland's second-biggest paper manufacturer.

International Paper will pay \$120m for its stake in Kwidzyn Pulp and Paper Company. It will also invest a further \$175m over the next four years as part of a programme to modernise and expand the company and improve product quality and environmental controls.

Mr Janusz Lewandowski, Poland's minister of privatisation, said: "After completing an extensive tender process and carefully evaluating proposals from a number of international bidders, we are determined that International Paper's offer was in the best interest of Poland, the company, its employees and customers, and the local community."

Kwidzyn, which started production in the early 1980s, recorded sales of \$1.93bn (£715m) in the first five months of this year and pre-tax profits of \$145bn. It is Poland's only integrated bleached pulp and paper company.

The move comes as International Paper has started to look further afield for acquisitions, after expanding aggressively in

the US and western Europe in the 1980s. About \$4bn of the company's annual sales of roughly \$13bn comes from western European operations.

International Paper has undertaken not to make any Kwidzyn employees redundant in the next 18 months and to maintain existing social benefits. In the US, International Paper ran into trouble with its unions in 1987 over proposed cuts in wages and benefits which resulted in a lock-out at one mill and a 16-month strike at three others.

Mr George Adler, an analyst at Smith Barney Harris Upham in New York, described the investment as "very interesting. This seems to be a fairly modern mill - the first machine was put in there in 1985."

"But it is running well below capacity and I think International Paper can improve upon it. I think the cost structure of the mill is competitive with the south-east of the US, which is one of the most competitive areas in the world."

Mr Michael Amick, president of International Paper in Europe, said the Polish plant had enormous potential. When the modernisation programme is finished, "the mill will be up-to-date and will manufacture the highest quality uncoated white papers, newsprint and coated folding carton board available anywhere in Europe," he said.

All of these securities having been sold, this announcement appears as a matter of record only.



Wellcome plc

Sale by

The Wellcome Trust Limited

of

270,000,000 Ordinary Shares

Global Co-ordinator

Robert Fleming & Co. Limited

Rest of World

Robert Fleming & Co. Limited

Kleinwort Benson Limited

Banca Commerciale Italiana

Banque Bruxelles Lambert S.A.

The Consulting Center for Finance and Investment

DEN DANSKE BANK Aktieselskab

Espirito Santo Soc. de Investimentos, S.A. (Portugal)

Gordon Capital Corporation

INVERBAN, S.V.B., S.A.

RBC Dominion Securities Inc.

Svenska Handelsbanken

London Branch

Wood Gundy Inc.

Banco Santander de Negocios

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Creditanstalt-Bankverein

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GiroCredit Bank Vienna

IMI Capital Markets (UK) Ltd.

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Rashid Hassan Securities Sdn. Bhd.

Shanghai Investment Securities Co. Ltd.

Financial Advisors to the Trust

Robert Fleming & Co. Limited

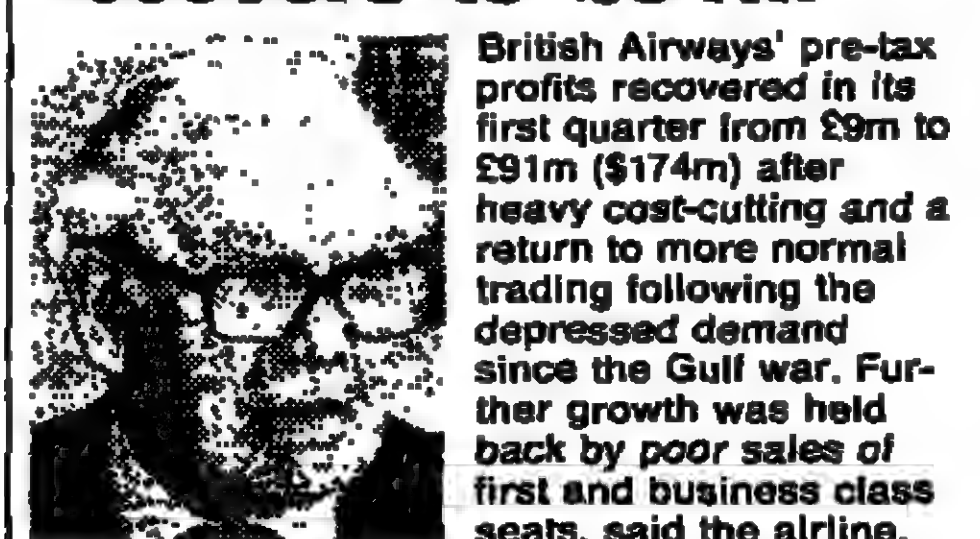
August 1992

World Weather	°C	°F	World Weather	°C	°F	World Weather	°C	°F
Amsterdam	10	50	Frankfurt	10	50	Madrid	10	50
Ankara	20	68	Geneva	10	50	Moscow	10	50
Antwerp	10	50	London	10	50	Munich	10	50
Athens	20	68	Los Angeles	10	50	Nairobi	10	50
Bahia	20	68	Manila	10	50	Paris	10	50
Bangkok	20	68	Medan	10	50	Peking	10	50
Barcelona	10	50	Mexico City	10	50	Rangoon	10	50
Bombay	20	68	Miami	10	50	Rio de Janeiro	10	50
Buenos Aires	10	50	Montreal	10	50	Rome	10	50
Calcutta	20	68	Moscow	10	50	Sao Paulo	10	50
Canton	20	68	Mumbai	10	50	Seoul	10	50
Cebu	20	68	Nairobi	10	50	Singapore	10	50
Colon	20	68	Osaka	10	50	Stockholm	10	50
Dallas	10	50	Shanghai	10	50	Switzerland	10	50
Darwin	20	68	Shenyang	10	50	Taipei	10	50
Delhi	20	68	Singapore	10	50	Tokyo	10	50
Dhaka	20	68	Sri Lanka	10	50	Toronto	10	50
Dublin	10	50	Taipei	10	50	Winnipeg	10	50
Edinburgh	10	50	Tel Aviv	10	50			
Geneva	10	50						
Hankow	10	50						
Hong Kong	20	68						
Houston	10	50						
Indanagar	20	68						
Jakarta	20	68						
Johannesburg	10	50						
Kobe	10	50						
Kuala Lumpur	20	68						
London	10	50						
Los Angeles	10	50						
Lyons	10	50						
Manila	10	50						
Medan	10	50						
Mexico City	10	50						
Miami	10	50						
Montreal	10	50						
Moscow	10	50						
Mumbai	10	50						
Nairobi	10	50						
Osaka	10	50						
Shanghai	10	50						
Shenyang	10	50						
Singapore	10	50						
Sri Lanka	10	50						
Taipei	10	50						
Tel Aviv	10	50						
Tokyo	10	50						
Toronto	10	50						
Winnipeg	10	50						

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INSIDE
British Airways recovers to £91m



British Airways' pre-tax profits recovered in its first quarter from £9m to £91m (£174m) after heavy cost-cutting and a return to more normal trading following the depressed demand since the Gulf war. Further growth was held back by poor sales of first and business class seats, said the airline.

Lord King (left), chairman, said: "Continued economic difficulties in several major markets meant premium traffic remained depressed, although some strengthening is being seen in the second quarter." Page 20; Lex, Page 14

Harsh times for Canada's mines

One after another, western Canada's coal mines are confronting the painful reality that high-cost producers are usually the heaviest casualties in an over-supplied market. Financial restructuring, labour confrontation, pleas for lower taxes and protracted negotiations with suppliers are the order of the day in British Columbia, as the coal producers seek to improve their competitiveness by bringing down costs. Page 22

Pakistan shares lose lustre

Pakistan's stock market, after a buoyant 1991, hit trouble in July and fell 15.8 per cent in dollar terms, the worst decline in the emerging markets list from the World Bank. Back Page

Degussa increases 15%

Degussa, the German metals, chemicals and pharmaceuticals company, yesterday reported pre-tax profits up 15 per cent to DM164m (\$111m) in the nine months to June. The company expected the benefits of a restructuring and cost-cutting plan to produce better profits for the final quarter of the year, compared with the same period last year. Page 16

Saatchi back in the black

Saatchi & Saatchi, the advertising company, returned to profit with a pre-tax surplus of £11.1m (\$21.3m) in the first half of 1992 against a loss of £32m. Mr Robert Louis-Dreyfus, chief executive, said: "It is nice to be in the black." Page 20

Discounting rumours

Rumours of discounting have undermined the shares of holiday groups such as Owners Abroad and Airtrips. While everyone agrees that this year's holiday market has grown, it seems the tour operators' forecasts, made some 18 months ago, were optimistic. However, Mr Geoffrey Stone, finance director of Owners Abroad, said "discounting in the high season is never heavy" and that reports of overcapacity had been overstated. Page 16

Mixed bag from US sales

The US retail sector is having mixed fortunes. JC Penney, the large department store group posted after-tax profits of \$80m in the 13 weeks to July 25, compared with \$31m in the same period a year ago. Sales rose 9.6 per cent on the same period a year ago. However, The Limited, the fashion retailer, had a "disappointing" second quarter. After-tax profits were flat at \$80.1m compared with \$79.2m. Page 17

Market Statistics

Base lending rates	30	Life equity options	18
Benchmark Govt bonds	18	London stock options	18
FT-A indices	22	Managed fund service	26-30
FT-A world indices	26	Money markets	36
FT-Asia indices	18	New int. bond issues	18
FT-Europe indices	20	World commodity prices	22
Foreign exchanges	30	World stock mkt indices	31
London recent issues	18	UK dividends announced	28
London share service	23-25		

Companies in this issue

AAF Industries	20	INA	15
Airtours	20	IRI	15
Alcan Australia	17	J.C. Penney	17
Ares-Serono	16	John Fairfax	17
Armitage Brothers	20	Kleen-e-ze	20
BK Vision	16	Manchester Ship	19
Bass	19	Metall Bulletin	20
British Airways	20	Newmark (Louis)	20
Caltech Australia	17	O&Y	16
Cathay Pacific	17	Owners Abroad	20
Crossroads Oil	19	Polly Pack Intern'l	15
Crown Eyeglasses	20	Doi Wm	12
De Beers	17, 21	Practical Investment	19
Degussa	16	Rea Brothers	20
Del Monte Fresh Prod	15	Raydon	20
ENEL	15	Reemore	15
Embassy Property	19	Saatchi & Saatchi	20
Eni	15	The Limited	17
Flaming (Robert)	19	Trimco	20
Fokker	15	UAP	16
General Accident	16	UBS Phillips & Drew	15
Hartwell	20	WH Smith	21
Holmes Protection	20	Wai-Mart Stores	17
Hoogovens	18	Wolcombe	19
Howard Holdings	20	Ymos	16

Chief price changes yesterday

AG	222	+ 8	Landen Heen	345	- 18
Kwik Save	855	+ 19	Leamith Burch	113	- 7
Mazda/Gin	178	+ 10	Low (Wm)	170	- 12
Spring Run	118	+ 7	Manders	213	- 22
Wor	470	+ 14	Northern Foods	232	- 11
Fralls			Quercs Meat	85	- 5
Cove IT	115	- 4	RTZ	525	- 29
EMAP	257	- 11	Rothmore	23 1/2	- 5

New York prices at 12.30pm.

LONDON (Pence)		EUROSTOCK	
Alcan	100	17	Enel
Alcan	100	17	Enel
Alcan	100	17	Enel
Alcan	100	17	Enel
Alcan	100	17	Enel

Hopes for creditors as Mexican group pays \$499m for Del Monte Fresh Produce
Polly Peck finds buyer for fruit side

By David Barchard and Peter Pearson in London
A MAINLY Mexican investor group has agreed to pay \$499m in cash for PFI Del Monte Fresh Produce, the fresh fruit side of Polly Peck International, the fruit and electronics conglomerate which collapsed in October 1990.

The deal represents the last hope of securing a large amount of cash to pay the group's 23,000 creditors. Sources close to the group's administration said it still seemed likely that most creditors would only get a payment of between 3p and 11p in the pound.

The investor consortium is led by Grupo Cabal of Florida, the holding company of Mr Carlos Cabal which holds a controlling interest in Banco BCH, the eighth largest commercial bank in Mexico.

Grupo Cabal, a diversified business group, is already a leading producer of bananas in south-east Mexico.

Other members of the consortium include Nacional Financiera, the Mexican government development bank with assets of \$20bn, and other strategic investors. Nacional Financiera may put up around 10 per cent of the total.

Mr Harold Schenker, executive vice-president of PFI Del Monte Tropical Fruit Company, said he was happy with the deal, which would be closed "in a couple of months".

Mr Schenker said that when Del Monte was put up for sale, there had been "more than 10 bidders", but that towards the end the number of finalists had been "less than five". Of these, some were investor groups and some were fruit companies.

The administrators, who abandoned long-standing plans to float part of PFI Del Monte on the New York Stock Exchange in the spring amid worsening conditions in the banana market, were advised on the sale by Goldman Sachs International.

The price paid by Grupo Cabal is well below the \$875m paid by Polly Peck for PFI Del Monte three years ago, but that figure included nine ships which were subsequently sold off.

The management and structure of PFI Del Monte will remain "unchanged and intact" after the sale, Mr Schenker said.

The company is the second largest marketer of pineapples in the world and the third largest banana marketer. Its annual turnover is a "bit under \$1bn", Mr Cabal said.

The sale of Del Monte may now open the way for the administrators to resolve the future of the remaining parts of the group.

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The company is the second largest marketer of pineapples in the world and the third largest banana marketer. Its annual turnover is a "bit under \$1bn", Mr Cabal said.

The sale of Del Monte may now open the way for the administrators to resolve the future of the remaining parts of the group.

UK broker warns top analyst over book

By Robert Peston in London
UBS Phillips & Drew, the leading City of London securities house, has asked the head of its UK research department to cancel publication of a book which is critical of the accounting techniques used by many of the UK's biggest companies.

Mr Terry Smith, one of the best-known analysts in the City, has been told by senior P&D executives that his future at the firm is in doubt if the book is published. P&D did not comment on the dispute yesterday.

Mr Smith yesterday met Mr Rudi Mueller, head of the UK operations of Union Bank of Switzerland, the biggest Swiss bank and owner of P&D.

The book, called "Accounting for Growth", is an expanded version of research published by P&D in January 1991, which highlighted a number of accounting techniques used by companies to boost the level of profits they disclose or minimise the level of borrowings shown on their balance sheets.

In the book, due to be published in mid-September, Mr Smith highlights 12 commonly used accounting techniques with the following characteristics:

● They may allow a company to declare a profit, even though there is no cash being generated.

● They may allow a company to generate a profit at the expense of the strength of the balance sheet.

● They may tend to disguise the extent of a company's exposure to borrowings.


Mr Smith examined the accounts of the UK's 200 biggest quoted companies to see which were using the techniques. He stresses in the book that there is no implication of any impropriety if a company uses any of the techniques.

P&D has been embarrassed by reports about the book, which appeared in the Mail on Sunday newspaper, and Accountancy Age, the specialist periodical. These articles highlighted Grand Metropolitan as the company which used more of these accounting techniques than any other.

Grand Met, which has a banking relationship with UBS, was so annoyed that Sir Allen Sheppard, chairman of the drinks and foods group, contacted Mr Mueller to complain about the articles.

A spokesman for Grand Met said yesterday that P&D had assured Grand Met that the book represented Mr Smith's private opinions and not those of P&D. However, the draft dust-jacket of the book contains the UBS P&D logo.

Investment institutions, polled by the financial news group Extel, voted the original P&D research as the best piece of analysis produced in 1991.

	Eni
Sales	L50,883 bn
Profits	L1,081 bn
Debt	L23,000 bn
Investment	L9,327bn.
Employees	130,000

ENEL	
Sales	L27,221 bn
Profits	L229 bn
Debt	L32,170 bn
Investment	L10,897 bn
Employees	109,860

Shake-up for the big sell-off

Haig Simonian on changes to Italy's public sector companies

Italy's merchant bankers have been using words such as "revolution" and "earthquake" to describe the government's plans, announced last Friday, to shake up Italy's four biggest public sector companies.

The plans, announced by the prime minister, Mr Giuliano Amato, include cutting the boards of the four, recently transformed into joint stock companies, to three members, and handing over decision-making to the government.

The bankers' comments contrast with the cautious optimism with which they earlier greeted the programme to privatise the four groups: IRI, the industrial holding company; Eni, the energy and chemicals group; ENEL, the electricity generating authority; and INA, the insurance concern.

The latest changes involve the abolition of the committees and boards composed of up to 15 political placemen, chosen to reflect the balance of power between the governing parties. Instead, the new slimline boards comprise the existing, politically appointed, chairmen, with reduced executive power, a new post of managing director (to be filled internally) and a senior civil servant.

Future acquisitions, disposals or flotations will be decided by shareholders' meetings. This means the treasury, now the four groups' single shareholder, will have the ultimate say.

The groups now have the legal and management frameworks to prepare for flotation. Mr Amato said he wanted to create a "big Italian national industry", open to foreign participation. Once floated, the companies would close a gap between a few big public-sector groups and a handful of quoted private-sector counterparts. However, it could be some time before the government starts to dispose of the assets over which it now has control.

This month the treasury appointed a committee of six economists and bankers to report on the sea and timing of sell-offs. Their findings are not due before the end of next month.

Mr Amato has already said the move towards the market will affect the four groups differently. IRI and Eni face the biggest changes. Unlike ENEL and INA, which are single product companies, they comprise huge conglomerates. An imminent reor-

ganisation is planned leaving "some parts stronger and disposing of others", said Mr Amato.

IRI, which accounts for about 5 per cent of Italy's gross national product and employs almost 410,000, is set for major surgery. It controls offshoots such as the Iva steel group or Alitalia, the state airline, while subsidiaries such as STET in telecoms and SME in foods are substantial sub-holdings in their own right.

Some IRI subsidiaries, for example Banca Commerciale Italiana (BCI) and Credito Italiano, two leading banks, are already quoted, as are its telecommunications interests. IRI planned to dispose of assets and cut its stake in others prior to last week's announcement. With consolidated debts of around L60,000bn, (\$44bn) it has been facing a growing financial crisis.

Direct grants from the treasury, IRI's traditional source of funds, have dried up under the government's attempts to cut the huge budget deficit and tighter European Commission supervision. Meanwhile, interest charges have surged, while IRI has been reluctant to allow subsidiaries' investment programmes.

Earlier this year, the group raised L480bn by selling its 52 per cent stake in its Cementir cement unit. Funds have been raised by reducing stakes in its bank and telecommunications units. And in November, Finmeccanica, the sub-holding controlling IRI's engineering and aerospace interests, will make its stock market debut. Next year, IRI may even hope to float loss-making Iva.

IRI's most obvious disposals under accelerated privatisation are likely to be jewels such as BCI, Credito Italiano and parts of SME, with further reductions in telecoms and the disposal of Finisiel, its big software arm.

A big placement, notably of IRI's shares in either bank, would send a powerful signal to the markets of the government's determination to privatise.

Eni is in better financial shape than IRI. Agip, its oil and gas exploration business, and Snam, its gas pipeline subsidiaries, are profitable and already destined

for flotation early next year. Other parts of Eni could also be sold relatively fast. First to go could be its remaining stake in Italgas, its retail gas distribution operation, which is already quoted and followed abroad. More specialist energy-related operations could be sold.

Floating Eni is less appealing. Not all its empire is in the black. The EniChem chemicals operation lost L742bn after minority interests last year and is still suffering from the sectoral downturn. Among Eni's activities are a loss-making Milan newspaper and a big property portfolio.

Merchant bankers see ENEL as an obvious privatisation candidate, although not for a few years. A key to ENEL's appeal will be government willingness to liberalise tariffs, which will determine profitability.

Liberalisation could also be important for INA, which may be the easiest to privatise. The company, one of Italy's biggest insurers, also controls the quoted Assitalia insurance group and owns

stakes in state-sector companies including Banca Nazionale del Lavoro and Istituto Mobiliare Italiano.

With the government winding down this week for a brief holiday and the treasury awaiting the privatisation committee's report, bankers are not expecting any action in a hurry.

Mr Piero Barucci, treasury minister, has delayed meeting merchant bankers until the report is ready.

The group may be looking at more "innovative" solutions than straight disposals, including issuing bonds, convertible into the shares of state-owned companies due for privatisation. That would boost receipts from the start without forcing the government to rush sales or overwhelm the relatively limited domestic equity market.

Some bankers are betting on a cautious programme, based on deals in the pipeline, perhaps with one spectacular placing, like the full-privatisation of BCI or Credito Italiano.

"We want to make sure we create the right atmosphere for future sales," says a senior official.

Fokker falls by 37% in first half

By Ronald van de Krol in Amsterdam

FOKKER, the Dutch aircraft maker in which Deutsche Aerospace (DASA) of Germany is to take a 51 per cent stake later this year, yesterday blamed higher interest charges for a 37.5 per cent decline in first-half profits and for an expected fall of more than 50 per cent in full-year results.

First-half net profit fell sharply to F126.3m (\$15.9m) from F142.3m the year before, as net interest costs jumped to F156.9m from F138.9m in the first six months of 1991.

The increase in interest payments - which reflects delays in deliveries of completed aircraft as well as a slowdown in the receipt of new orders and advance payments - is also expected to cause 1992 net profits to fall to about F140m from F187m the year before, the company said.

Mr Rennie Hendriksen, Fokker's finance director, said the company had arranged new credit facilities of F1bn with a consortium of Dutch and British banks.

The rise in first-half interest charges was also partly the result of the postponement of a planned F1500m issue of shares. Under an agreement reached last month, DASA will now take up the entire share issue as well as buy the 33 per cent stake in Fokker held by the Dutch government.

The exact price which DASA will pay for these Fokker shares has not yet been fixed.

In response to questions, Mr Erik Jan Nederkoorn, Fokker's chairman, said prices frequently quoted in the Dutch press, such as F138 per share, were "low".

Fokker's shares have recently fallen to around 12-month lows of F122, partly because of the fact that DASA will not be launching a public bid to attain its controlling 51 per cent stake.

Minority shareholders have criticised the deal because their shares will be worth less than the government will receive for its holding.

However, Mr Hendriksen said the transaction "was not a dilution but an enrichment".

He said that DASA, as part of the German's Daimler industrial group, would be able to provide financing for Fokker, thereby avoiding the need for large interest payments in future.

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July 1992

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INTERNATIONAL COMPANIES AND FINANCE

GA seeks £300m in share capital for expansion

By Richard Lapper in London

GENERAL Accident, the third largest composite (general and life) insurer, yesterday announced it aimed to raise capital to finance possible expansion after posting a significant improvement in the first six months of 1992.

Pre-tax losses fell to £21.3m (£40.2m) compared with £105.3m at the halfway stage last year. Porth-based GA recorded a profit of £9.5m in the second quarter and maintained its dividend at 9.7p per share.

The company is to seek shareholders' approval to issue up to £300m in preference shares. This is designed to reduce debt and increase GA's leeway to augment its premium income at a time when insurance rates are rising in

most of its main markets. Mr Nelson Robertson, chief general manager, ruled out any sudden expansion but added that the company did not want "to feel unduly restricted" as profits came through.

An issue of £100m would boost solvency (net assets as a percentage of non-life premium income) to 40 per cent from 37 per cent and to reduce its debt, which stands at £610m. Debt of £250m is due for rescheduling next spring.

The announcement, which follows a £100m issue by Commercial Union in May, is a further sign of improved trading conditions for UK insurers. Companies such as GA, CU and Guardian Royal Exchange, which lack large exposure to mortgage indemnity business - where analysts forecast an

upward revision of losses in view of the continuing slump in the housing market - are particularly well placed.

At GA, a sharp reduction in underwriting losses to £216.3m, compared with a £288.9m loss in the same half last year, underpinned the improvement. Long-term profits fell to £14.6m (£15.5m loss). Estate agency losses rose to £9.9m (£8.4m loss) and net investment income to £190.4m (£176.1m).

UK underwriting losses were reduced to £104.8m (£178.4m loss), following cost-cutting and a more selective approach towards underwriting.

UK staff numbers have fallen from 8,000 to about 6,500. The number of policyholders in the loss-making motor sector has fallen by about 20 per cent. *Lex, Page 14*

Ymos plans to restructure finances

By David Waller in Frankfurt

YMOs, the large German car components manufacturer which lost nearly DM800m (£135.5m) last year largely as a result of balance sheet fraud, yesterday announced a complex capital restructuring.

The plan is to restore the group's equity capital to the DM140m level it was before it was wiped out by the combined effects of fraud and operating losses, the details of which were revealed to shareholders in June.

In a two-stage restructuring, the company will cut its basic share capital from DM67.5m to DM6.75m. Capital will then be built up again through the issue of 2.025m new shares at DM55 per share. As a result, the company's capital will be restored to DM140m. Minority shareholders will have the chance to buy the new shares on the basis of 15 for every one already held.

Ymos warned yesterday that despite profits during the first six months of the year, the result for the whole year would be "clearly negative".

Mr Gerhard Krischer, chief executive, predicted that shareholders would be receiving dividends after the rationalisation phase, which he said would last another two years.

Sales climbed 11 per cent in the first half. Last year, they amounted to DM660m.

Cambior's output up while profits decline

CAMBIOR, a fast-growing Canadian gold producer, raised output in Quebec and Alaska in the first half, but lower prices and heavy depreciation cut final earnings, writes Robert Gibbons. Output was 180,665 oz, up 26 per cent from a year earlier, but net profits were \$39m (\$7.6m), or 29 cents a share, down from \$410.7m, or 38 cents a share.

O&Y dispute focuses on New York towers

By Bernard Simon in Toronto

THE WORLD Financial Centre in New York is emerging as the focus of Olympia & York's efforts to keep its US buildings out of the bankruptcy protection which has engulfed the troubled developer's operations in Canada and the UK.

Three disputes have surfaced between O&Y and its creditors over loans relating to the 44-storey Tower B of the 7.6m sq ft World Financial Centre.

Some of the lenders predict O&Y has little chance of settling these disagreements without seeking court protection.

Talks broke down last week with a group of eight banks led

by Morgan Guaranty and Bank of Montreal which advanced \$160m on security of a pledge of O&Y's partnership interest in Towers A and B of the World Financial Centre, as well as four other buildings in New York and Los Angeles.

The Morgan group has threatened legal action to seize rental income from these buildings in excess of amounts required for debt-service and maintenance payments.

An O&Y spokesman said yesterday, however, that the company views the threat merely as "another step" in negotiations towards a debt restructuring. All payments on the \$160m loan remain up to date.

The Morgan dispute stems from O&Y's failure to pay \$62m in interest last March to a group of Japanese institutions led by Nomura Securities which hold the \$800m first mortgage on Tower B. The World Financial Centre has a low vacancy rate and a strong cash flow, but O&Y funnelled rental income from Tower B earlier this year to prop up its ailing Canadian operations.

The Morgan group objects that O&Y is compensating the mortgage holders by paying them excess cash flow from the building, in effect putting \$62m of debt ahead of the Morgan security. It wants to prevent the same happening with the

other five properties. O&Y and the Nomura group have yet to reach a longer-term agreement on the missed payment.

Separately, Morgan has threatened to auction an interest-rate swap, which is classified as an O&Y asset, and forms part of the collateral for the \$160m loan. The auction has been postponed several times while negotiations continue, but is now scheduled to take place on August 28.

Debt payments on the other two World Financial Centre buildings in which O&Y has a stake are understood to be up-to-date. The fourth building, Tower C, is owned by American Express.

Nine-month earnings at Degussa climb 15%

By David Waller in Frankfurt

DEGUSSA, the German metals, chemicals and pharmaceuticals company, yesterday reported pre-tax profits up 15 per cent to DM164m (\$112m) in the nine months to June. This was achieved on turnover down 5 per cent to DM9.4bn.

The company said it expected the benefits of a restructuring and cost-cutting plan to produce better profits for the final quarter, compared with

the same period last year. In 1990-1991, total pre-tax profits dropped by 44 per cent to DM179m, reflecting difficult conditions in many markets.

Degussa said yesterday it had cut losses in the metals sector "significantly". This sector, accounting for nearly half of group turnover, suffered through losses at the Leybold machinery subsidiary and because of a 30 per cent drop in turnover in precious metals trading, where trading vol-

umes were significantly lower than the previous year.

Excluding the drop in precious metals trading, group turnover rose by 5 per cent, Degussa said. But it added that 3 percentage points of this were due to the inclusion of the recently acquired Armin Hiltnerwerk Dresden (AWD) - an east German pharmaceutical group.

Profits in the chemical division - where turnover climbed 3 per cent to DM3.64bn -

picked up from the early weak months of the year. Degussa said that while prices remained under pressure volumes had at least returned to the previous year's levels.

Degussa also announced details of its expected capital increase. It will be issuing 1.08m new shares in September at DM235 per share, raising DM254.3m. The funds from the one for seven rights issue will be used for "general corporate financing purposes".

Swiss drugs group turns in 25.4% advance

By Ian Rodger

ARES-SERONO, the Swiss pharmaceutical group specialising in human fertility drugs, has reported a 25.4 per cent rise in net income from continuing operations to \$38.6m in the first half.

Sales were up 17.2 per cent to \$415m. The group said pharmaceutical sales rose 31 per cent to \$363.6m, with demand particularly strong in Italy, Germany and the US.

Diagnostic product sales eased slightly to \$51.3m, but excluding clinical chemistry sales, which are being discontinued, they rose 9 per cent.

The group also had a \$28.1m extraordinary gain from the sale of its over-the-counter drug division in the first half.

In the second quarter, net income from continuing operations rose 25.6 per cent to \$23m on sales up 18.7 per cent to \$217m.

BK Vision in SFr200m one-for-three issue

By Ian Rodger in Zurich

BK VISION, the specialised investment holding company created last October by Mr Martin Ebner's BZ Bank group, is raising SFr200m (\$152m) in a rights issue.

BK Vision's strategy, which has aroused some controversy in Swiss financial circles, is to hold significant stakes in a small number of banks and financial institutions with a view to influencing their management.

BK is already one of the largest shareholders in Union Bank of Switzerland. Its only other holdings at the end of April were in Leu Holding, Zurich Insurance and Banca del Gottardo. The net asset value of BK yesterday was SFr738m.

The BZ group and a small number of investors control BK through their holding of 750,000 registered shares of SFr100 par value. Another 600,000 bearer shares of SFr500

par value are held by the public.

The rights issue is on the basis of one new share for every three held at 180 per cent of par value. The bearer shares closed yesterday in Zurich at SFr850.

Mr Kurt Schultknecht, manager of BK, said the funds were being raised because it was a good time to invest in financial institutions. "We are fairly optimistic, looking over the next two to three years. There is no risk of further monetary tightening," he said.

He added that by raising its shareholdings in financial institutions BK gained a "better position" when talking to their managers.

He denied that BK intended to use its shareholder power to seek inside information from the companies in which it invested. It was not interested in short-term price sensitive information, such as that on forthcoming profit figures or impending takeover bids.

Hoogovens tumbles into the red

By Ronald van de Krol

HOOGOVENS, the Dutch steel and aluminium group, fell into a net loss of Fl 45m (\$29.7m) in the first six months of 1992, compared with a net profit of Fl 55m in the same period last year.

The loss confirmed the company's earlier predictions that it would see no improvement during the period.

The company, which was forced to omit its 1991 dividend after it posted full-year losses of Fl 51m last year, said it did not expect any improvement in European steel and aluminium markets in the 1992 second half.

It warned there was a "serious possibility" that results in the second half on ordinary activities would be substantially lower than they were in the first, when these activities - comprising operating profit and financial income - changed - from a loss of Fl 70m, against a profit of Fl 73m the previous year.

First-half operating profit tumbled to Fl 35m from Fl 169m a year earlier, while financial charges widened to Fl 105m from Fl 96m. Group turnover fell 5.2 per cent to Fl 3.9bn.

The weak economic climate in Europe and competition from non-EC countries such as Russia had undermined prices

for most of Hoogovens' steel products. Similar factors were at work on the European aluminium market.

Hoogovens' steel production rose in the first half from the reduced levels of the first six months of 1991 when a key blast furnace had been undergoing refurbishment.

However, the company said it would probably maintain steel production at the new lower levels introduced in June.

Aluminium production fell in the first half because of a reorganisation, aimed at refocusing the group's Belgian plant on higher added-value products.

UAP increases 20% at halfway

UNION des Assurances de Paris (UAP), the French state-controlled insurer, posted a 20 per cent rise in first-half premium income to FF65bn (\$13bn) from FF54bn in first-half of 1991, AP-DJ reports from Paris.

The provisional figures revealed life insurance revenue rose 39 per cent to FF32bn from FF22bn, while casualty registered a 6 per cent gain to FF33bn from FF31bn.

UAP said the life advance mostly reflected the integration of Sun Life into group accounts as of January 1 1992. UAP said Sun Life boosted first-half premium income in sterling by 37.4 per cent.

KLOOF GOLD MINING COMPANY LIMITED

("Kloof")
(Registration No. 64/04462/06)

LIBANON GOLD MINING COMPANY LIMITED

("Libanon")
(Registration No. 05/05331/06)

VENTERSPOST GOLD MINING COMPANY LIMITED

("Venterspost")
(Registration No. 05/05632/06)

(All companies incorporated in the Republic of South Africa)

INTEGRATION OF OPERATIONS - SALIENT DATES

On 14 July 1992 an announcement was published in the press regarding the proposed integration, by means of schemes of arrangement, of the operations of Kloof, Libanon and Venterspost. Notices convening scheme meetings of shareholders of Libanon and Venterspost, and of option holders of Venterspost, to be held on Thursday, 3 September 1992, for consideration of the necessary resolutions to enable the schemes to be implemented, were today posted to shareholders of Libanon and Venterspost and to option holders of Venterspost, together with an explanatory statement. The salient dates are as follows:

	1992
Effective date in terms of the schemes	Wednesday, 1 July
Proxy forms for scheme meetings and general meeting to be lodged by	Wednesday, 2 September
Scheme meetings of Libanon and Venterspost shareholders and general meeting of Venterspost option holders to be held on	Thursday, 3 September
Court sanctions the schemes	Tuesday, 15 September
Last day to register in order to participate in the schemes	Friday, 18 September
Termination of listings of Libanon and Venterspost shares and Venterspost options with effect from the close of business on	Friday, 18 September
Anticipated date for the schemes to become operative	Monday, 21 September
Listing of new Kloof shares and options on The Johannesburg Stock Exchange and commencement of dealings on the London Stock Exchange	Monday, 21 September
Kloof share and option certificates posted to Libanon and Venterspost shareholders and to Venterspost option holders	Monday, 28 September

Note: The above dates are subject to amendment. Any amendment will be published in the press.

Registered and Head Offices
75 Fox Street
Johannesburg
2001

12 August 1992

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Advisers to Libanon and Venterspost

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Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 9th November, 1992 has been fixed at 10.35% per annum. The interest accruing for such three month period will be £132.91 per £5,000 Bearer Note, and £2,658.20 per £100,000 Bearer Note, on 9th November, 1992 against presentation of Coupon No. 12.

London Branch
Agent Bank

7th August, 1992

Republic of Poland
Ministry of Privatization
Invitation to Negotiate
Wroclawskie Zakłady Chemiczne Gospodarcze
Poliene Wroclaw S.A.

As part of the Government of Poland's privatization programme and in accordance with art. 23 of the State Enterprises Privatization Act, an invitation is extended by the head of the Ministry of Privatization on behalf of the State Treasury of the Republic of Poland to interested parties with proven experience in the chemical industry to participate in negotiations concerning the purchase of shares (not less than 10% and not more than 100% of total share capital less shares offered to employees in accordance with art. 24 of the State Enterprises Privatization Act) in Poliene Wroclaw S.A. Poliene Wroclaw is a leading manufacturer of detergents and soaps in Poland. Interested parties are requested to register their interest with Bain & Company acting on behalf of the Ministry of Privatization:
Dr. Bernd Vemohr or Fritz Selkowsky
Bain & Company
Thomas-Wimmer-Ring 3
8000 München 22, Germany
Tel.: 089/29011-0 Fax: 089/29011-113 Telex: 5214124
A memorandum containing basic information about the company will be made available to interested parties within 14 days after issuing the invitation upon their signing of a confidentiality letter.
The Ministry of Privatization reserves the right to revoke this invitation as well as to select the bidders, to enter into or to break off the negotiations with no financial or legal consequences.

AEROSPACE

The FT proposes to publish this survey on September 3 1992. The FT is read regularly by 97% of professional investors in Europe responsible for the aerospace, aircraft and airlines sectors. This is more than any other publication.
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Data source: Professional International
Company Worldwide MFG 91-92

FT SURVEYS

Correction Notice



Mortgage Funding Corporation No.5 PLC
(Incorporated in England and Wales with limited liability under registered number 02879671)
Class A Multi-Class Mortgage Backed Floating Rate Notes Due November, 2035
Class A-1 £110,000,000
For the interest period 29th May, 1992 to 28th August, 1992 the Class A-1 notes will bear interest at 10.675% per annum. Interest payable on 28th August, 1992 will amount to £2,465.36 per £25,000 note.

Bancassurance Trust Company, London Agent Bank

NOTICE OF EARLY REDEMPTION

To the Holders of

PNC FINANCIAL CORP

Floating Rate Subordinated Notes Due 1997

(the "Notes")

NOTICE IS HEREBY GIVEN that, pursuant to Section 7(a)(ii)(x) of the Notes, PNC Financial Corp (the "Company") has elected to and shall redeem on September 16, 1992 (the "Redemption Date") all of the outstanding Notes at a redemption price of 100% of the principal amount thereof (the "Redemption Price").

Payments of principal will be made upon presentation and surrender of the Notes to be redeemed, together, in the case of Bearer Notes, with all Coupons appertaining thereto maturing after the Redemption Date at the Fiscal Agent or Paying Agents listed below. Interest due on the Notes on September 16, 1992 will be paid in the usual manner. Registered Notes must be presented to the Registrar in New York City.

On the Redemption Date, the Redemption Price will become due and payable on each such Note to be redeemed and after the Redemption Date interest thereon will cease to accrue.

The Company hereby confirms that the conditions precedent for this redemption have occurred. The Company has provided the Fiscal Agent with an Officers' Certificate to the effect that the Federal Reserve Board has approved the redemption of Notes from a source other than funds available in or theretofore deposited in the Note Fund. The Company has, prior to the publication of this Notice, deposited with the Fiscal Agent sufficient funds to pay the principal amount of the Notes to be redeemed.

FISCAL AGENT

Morgan Guaranty Trust Company of New York
60 Victoria Embankment
London
EC4Y 0JP

PAYING AGENTS

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Stoekstrasse 38
8022 Zurich
Société Générale de Banque
3 Montagne du Parc
B-1000 Brussels
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2 Boulevard Royal
2953 Luxembourg

REGISTRAR

Morgan Guaranty Trust Company of New York
Corporate Trust Operations Department
Tellers and Mail Unit
55 Exchange Place, Basement A
New York, New York 10260-0023

PNC FINANCIAL CORP

Dated: August 12, 1992

Any payment made within the United States or transferred to an account maintained by a non-US payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payee is not registered as exempt recipient under an approved IRS Form W-9 certifying under penalties of perjury that the payee is not a United States person. Payments made within the United States to non-exempt US payees are reportable to the IRS and those US payees are required to provide to the paying agent an exempted IRS Form W-9 certifying under penalties of perjury the payee's taxpayer identification number (employee identification number or social security number, as appropriate) to avoid 20% withholding of the payment. Failure to provide a correct tax payer identification number may also subject a US payee to a penalty of \$50.

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Guaranteed Floating Rate Notes due 1997

(Coupon No.5)

Pursuant to Note conditions, notice is hereby given that for the interest period 12th August, 1992 to 12th February, 1993 (184 days), an interest rate of 3.71563 per cent. per annum, will apply.

Amount per coupon (No. 5) = US\$94.96

Payable on the 12th February, 1993



THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

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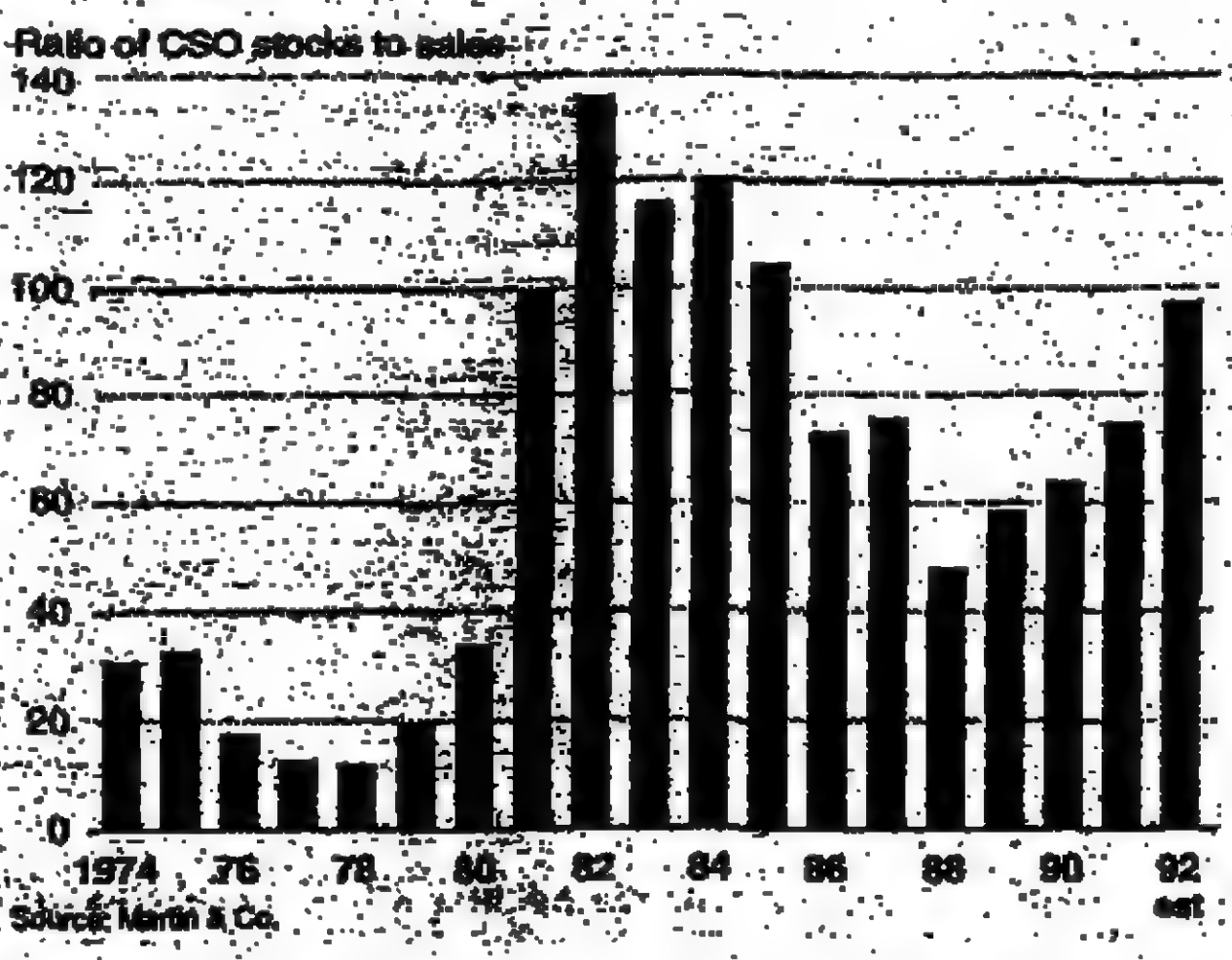
De Beers loses a little sparkle

Philip Gawith on the dividend cut at the S African diamond producer

The De Beers board has a habit of meeting in Kimberley, the northern Cape mining town where the South African diamond producer began. Yesterday it seemed very far removed from the country's financial centre in more than just a geographic sense as the prediction of a "significant reduction" in the final dividend sent shock waves through the Johannesburg investment community.

Although the 25 per cent fall in attributable earnings was in line with predictions, most analysts were aghast at the announcement that the final dividend would be cut. Some said this would do serious damage to the credibility of De Beers and Mr Julian Ogilvie Thompson, its chairman. The confusion stems from the seemingly inexplicable difference between the fairly optimistic predictions De Beers was making as recently as six weeks ago about the outlook, and the much more bearish picture it has presented. Until yesterday, De Beers had been sending a clear message that the position of the diamond market was not too bad. It told those worried about the poor results from the first three auctions of rough diamonds of the 10 to be held this year to refer to the directors' forecast. Its main point was that sales of rough diamonds in the second half of 1992 would be better than in the same period in 1991. However, yesterday the board withdrew this prediction saying second-half sales could well be lower than during the first half.

Diamond sales



The world's largest diamond producer, De Beers, has seen its share price fall by more than 6 per cent yesterday to \$38.50 on the news. It also damaged the group's reputation as a quality stock whose dividend would never be cut. (The dividend has only once before been cut - in 1981). He said the market might be tempted to regard De Beers as more of a cyclical stock and to downgrade it accordingly. There was disagreement among analysts over whether it was necessary for De Beers to cut the dividend. Although some brokers had forecast a cut in the final dividend, saying the company would not have enough cash to maintain it, others differed. Mr Stuart thought the cut unnecessary given the financial strength of De Beers, which has net assets at market value of more than \$200bn (\$10.9bn). He also argued that De Beers should have given the market time to adapt to the imposition of quotas before considering a dividend cut. Some see the hand of Mr Harry Oppenheimer, the retired former chairman of De Beers, behind the forecast dividend cut. His thinking, it is

reasoned, is that if De Beers is going to impose quota constraints on the industry, then it must also be seen to be taking some pain itself. A further puzzle about the dividend cut is that it seems to be something of an over reaction. Even with the second-half forecast revised downwards, it seems unlikely that CSO rough diamond sales for the year will be much worse than \$3.5bn, against \$3.9bn in 1991. This compares with a near halving of CSO sales in 1981, the year of the earlier dividend cut. Analysts caution that comparisons with the early 1980s, when the industry experienced the worst slump in its history, should be resisted. Then deflation in the world economy caused large stocks of diamonds, which had been bought as an inflation hedge, to be deposited on the market. De Beers, as a result, lost a degree of control over the supply of diamonds to the CSO. Today, De Beers has much improved control over the supply. The difference is evident from the ratio of CSO stocks to sales which rose above 160 per cent in 1984. Last year it was 77 per cent, and even with the gloomy second-half prognosis it is still unlikely to rise above 100 per cent. There is no comparable overhang of diamonds, excepting two problems. The first concerns the increase in supply from Angola. The second relates to De Beers's Venetia mine in the Northern Transvaal which opens in two days time. Originally the mine planned to open in a US election year, traditionally a period of firm demand in the US economy. This calculation has clearly backfired. As a result an extra 6m carats of diamonds - Venetia's full production - will be entering the CSO, without a market and hence will have to be stockpiled. See Lex

Australian energy unit turns round

By Bruce Jacques in Sydney
CALTEX Australia, the Sydney-based petroleum group, has returned to the black in the first half to June, helped by a big asset sale. However, the company yesterday announced a heavy restructuring programme which will cut the workforce by almost 14 per cent. The company turned after-tax losses of A\$18.4m (US\$13.6m) into A\$7.9m profits on a 2.5 per cent rise in sales to A\$1.64bn from A\$1.59bn. The interim dividend has again been passed. The result included a A\$5.3m abnormal pre-tax profit - compared with nil previously - mostly comprising a A\$7.9m profit on the sale of a crude oil carrier. "Whilst pressures on the industry, including sustained competition, are unlikely to abate, directors are determined to see that the Caltex group will emerge as an efficient and low-cost entity," said Mr Barry Murphy, chairman and chief executive. The result followed a reduced interest bill of A\$27.3m compared with A\$34.8m and depreciation of A\$22.8m against A\$31.3m. Tax took A\$10.9m down from a A\$4.5m credit previously.

Mixed results for US retailers

By Nikki Tait in New York
MIXED fortunes in the US retail sector were apparent yesterday when J.C. Penney, the large department store group, and The Limited, the specialty retailer, reported second-quarter earnings. Penney, based in Dallas, fared better, posting after-tax profits of \$80m in the 13 weeks to July 25. This compares with \$31m in the same period a year ago, and is scored on sales of \$3.79bn, up by 9.6 per cent on the same period a year earlier. This takes Penney's sales in the first half to \$7.58bn, a 10.1 per cent advance on the first six months of 1991, and net profits to \$216m from \$111m. The figures were helped by a \$18m drop in interest charges to \$61m, thanks to a debt restructuring programme. Mr William Howell, Penney's chairman, said sales of autumn merchandise were "particularly encouraging" in the latter part of the quarter. He added that Penney still expected "favourable results" during the second half. By contrast, The Limited, the fashion retailer which takes in Victoria's Secret and Aber-

WAL-MART Stores, the largest US retailer in terms of sales, yesterday unveiled a 21.5 per cent increase in second-quarter profits after tax, to \$420.4m. The advance came on the back of a 26 per cent sales rise, to \$13bn, writes Nikki Tait. The second-quarter results take Wal-Mart's profits for the first six months, to end-July, to \$807.4m, up from \$652.8m a year earlier. Sales increased from \$19.6bn to \$24.7bn. Earnings per share were up from 30 cents to 37 cents in the second quarter, and from 57 cents to 70 cents in the first half. The group's shares rose \$4 to \$57 on the news. Part of the advance comes from Wal-Mart's highly aggressive expansion programme. In the second quarter alone, the discount retailer opened 20 new Wal-Mart stores and 18 Sam's Clubs - wholesale clubs which sell at rock-bottom prices to a membership customer base. By the end of July, the company was operating 1,755 Wal-Mart stores and 233 Sam's Clubs. It covers 44 states, having recently added Idaho.

crombie & Fitch, had a "disappointing" second quarter. After-tax profits were flat at \$80.1m compared with \$79.2m, while sales stood at \$1.49bn against \$1.35bn. This takes the group's profits for the first six months to \$131.6m, little changed from the previous year's \$130.1m, with sales totalling \$2.9bn up from \$2.66bn. Mr Leslie Wexner, The Limited chairman, admitted that consumer uncertainty had persisted, but blamed the figures on "below standard merchandising decisions". He added that he was encouraged by early customer acceptance of the fall fashions. "While we will be able to develop a better understanding of fall when we analyse the last half of August and early September sales, I am guardedly optimistic." Penney shares, which have risen strongly recently, dipped 31¢ to \$70.4, while The Limited lost \$4 to \$19.4, close to their 52-week low.

Fairfax chief executive named

By Philip Gawith in Johannesburg
MR STEPHEN Mulholland, chief executive of South African Times Media (TMT), has been appointed chief executive of John Fairfax Australia's second-largest newspaper group. Fairfax has been without a chief executive since December, when it was acquired for A\$1.4bn (US\$1.03bn) by a consortium led by the Daily Telegraph, the UK newspaper group controlled by Mr Conrad Black. Mr Mulholland's success in his new appointment will depend on the extent to which he replicates in Australia the methods he used to turn round

TMT. He was appointed to the company in 1986 to rescue the ailing TMT, then known as South African Associated Newspapers (Saap), by Mr Gordon Waddell, then chairman of Johannesburg Consolidated Investments (JCI), the South African mining house which controlled Saap. Mr Mulholland had been editor of the weekly Financial Mail magazine, with no previous management experience. However, his appointment is widely seen as having been a success. He turned the company round from heavy losses to steadily increasing profits. Fairfax publishes the Sydney Morning Herald, The Australia-

lian Financial Review, and The Age in Melbourne. It has about 20 per cent of Australian daily circulation, compared with 70 per cent controlled by News Corporation. Mr Rupert Murdoch's US-based media group, Fairfax was put into receivership in 1990 after an abortive buy-out of family shareholders by Mr Warwick Fairfax. Mr Mulholland will be replaced at TMT by Mr David Kovarsky, the youthful chairman of Consolidated Metallurgical Industries (CMI), the ferrochrome subsidiary of JCI. Mr Kovarsky, who has been on the TMT board for a number of years, is regarded by many as a successful mining executive.

Cathay in Hong Kong air freight deal

By Simon Holberton in Hong Kong
CATHAY Pacific Airways yesterday said it had agreed provisionally with Hong Kong Air Cargo Terminals Limited (HACTL) to buy 10 per cent of the colony's monopoly handler of air freight for HK\$95m (\$12.31m). Cathay said the deal was subject to HACTL being awarded an air cargo handling licence for Hong Kong's new airport at Chek Lap Kok. If it goes through, the Swire Group, which already owns 30

per cent of the company, will increase its stake to 40 per cent. Two weeks ago, China National Aviation Corporation (Cnac) paid HK\$106m for the Hong Kong government's 10 per cent stake in HACTL. Its purchase was not conditional upon HACTL's success in winning a licence to operate at the new airport. Cathay will acquire HK\$4m of shareholder's loans to the company. If the loan facilities are fully exercised Cathay's commitment could be as high as HK\$90m.

If the deal, which is due on or before January 1993, goes through, Jardine Matheson will sell Cathay a 5 per cent stake, of its 30 per cent shareholding, and Wharf and Hutchison Whampoa Docks will each sell it a 2.5 per cent stake of their 15 per cent shareholdings. Mr Peter Sutch, Cathay chairman, said cargo handling was one of the fastest-growing aspects of Cathay's business. "This agreement demonstrates our intention to continue to be a major force in Hong Kong's air freight industry," he said.

De Beers

INTERIM RESULTS

- Major economies worse than forecast - combined results affected.
- Dramatic increase in Angolan illicit diamonds.
- Interim dividends maintained; current outlook indicates reduction in final dividends.

EXTRACTS FROM THE UNAUDITED
PRO FORMA COMBINED INCOME STATEMENT
ATTRIBUTABLE TO THE DE BEERS/CENTENARY LINKED UNITS
FOR THE HALF-YEAR ENDED 30 JUNE 1992

Half-year ended 30 June 1991	Half-year ended 30 June 1992		Half-year ended 30 June 1991	Half-year ended 30 June 1992
1991	1992		1991	1992
Rand millions				
1 189	1 063	Diamond account	383	412
367	392	Investment income	141	127
329	180	Interest received	65	114
1 612	1 327	Net income before taxation	478	558
1 288	915	Attributable earnings	330	446
1 692	1 277	Equity accounted earnings	460	586
		Earnings per linked unit		
		- excluding retained earnings of associates	87c	117c
339c	241c	- including retained earnings of associates	121c	154c
445c	336c			
		Dividends		
		- per De Beers Consolidated linked deferred share	10.1c	9.7c
		- per Centenary depositary receipt	15.0c	15.0c
		Total dividends per De Beers/Centenary linked unit	25.1c	24.7c
28.0c	28.0c			
43.3c	41.6c			
71.3c	69.6c			
R2.8880	R2.7725	US Dollar/Rand exchange rates	R2.7725	R2.8880

DIRECTORATE
Mr F.M. Hodgson has retired from the boards of both De Beers Consolidated Mines Limited and De Beers Centenary AG. Mr J.P. Padney has been elected a director of De Beers and the board of Centenary will recommend that he be elected a director of that company at the Annual General Meeting to be held in May next year.

DIAMOND SALES
CSO sales for the first half of 1992 amounted to US\$1 787 million or R5 086 million compared with US\$2 084 million or R5 619 million for the corresponding period of 1991, and US\$1 843 million or R5 266 million for the second half of that year.

DIVIDENDS
Both the De Beers Consolidated interim dividend (No. 145) of 28 SA cents per linked deferred share and the Centenary Depositary dividend distribution (No. 5) of 15 US cents per depositary receipt have been declared payable on Wednesday, 4 November 1992 to linked unitholders registered at the close of business on Friday, 18 September 1992. The registers will be closed from 19 September to 2 October 1992. The full conditions relating to the dividends may be inspected at the offices mentioned below as well as the offices of the transfer secretaries.

COMMENT
Two recent developments have caused De Beers/Centenary to reassess the outlook for the immediate future. The economies of the USA and Europe have not improved as had been forecast and the slowdown in the Japanese economy has continued with the Nikkei index falling further. The result has been that retail sales of diamond jewellery have not risen from last year's levels. Moreover, part of this retail demand has been met from destocking by the jewellery industry in the consumer markets, thereby reducing demand for rough diamonds. At the same time, the market situation has been affected by the dramatic increase in the supply of illicit diamonds from Angola. In line with its traditional policy of supporting and stabilising the market, the CSO has purchased substantial quantities of these diamonds on the open market. Nevertheless, a portion is being sold outside the CSO. The combined effect of these developments is a reduced demand for rough diamonds from the CSO. We no longer anticipate that sales of rough diamonds for the second half of 1992 will exceed those of the second half of last year, and may well be less than sales for the first half of this year. The increased supply and the reduction in anticipated sales has led the CSO to apply the deferred purchase clauses in its supply contracts with producers. The effect will be to reduce the CSO's contractual obligation to take delivery of diamonds from producers by 25 per cent from September. The overall result is likely to be a greater percentage reduction in the full year's combined profits than that recorded in the first half. The interim dividends were only a small proportion of last year's total dividends and have, therefore, been maintained. However, the current outlook would indicate a significant reduction in the final dividends. Consumer attitudes to diamond jewellery remain positive so that the directors are confident that when higher economic growth resumes in the United States, Japan and Europe and with continued growth in expanding Asian markets, retail sales of diamond jewellery will improve. Provided there is no further unanticipated increase in the supply of rough diamonds outside the CSO, sales by the CSO will also improve.

Copies of the full interim report will be posted to linked unitholders on or about 13 August 1992 and will also be available from the following offices:

De Beers Consolidated Mines Limited	De Beers Centenary AG	Anglo American Corporation
36 Stuckardt Street Kimberley South Africa	Langenslandstrasse 27 CH-1400 Lucerne 14 Switzerland	40 Hiltbold Viaduct London EC1P 1AJ

U.S. \$100,000,000

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June, 1992

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COMPANY NEWS: UK

BA climbs to £91m and meets City expectations

By Daniel Green

HEAVY COST cutting helped British Airways achieve a first-quarter recovery in pre-tax profits to £91m.

The comparable figure of £9m was depressed by the aftermath of the Gulf war. Profits for the opening quarter, to end-June, were in line with analysts' expectations with further growth held back by poor sales of first and business class seats. BA shares fell 8p to 253p.

Lord King, chairman, said bookings for the second quarter "indicated continued strength in demand, though passenger yields would continue to reflect pressures associated with the strength of sterling and depressed premium demand, with the economies of several major markets remaining difficult."

"The airline is on track to achieve its planned £150m in cost savings in this, the second phase of its three-year cost reduction programme. Last year the programme saved £35m."

Turnover in the first quarter rose to £1.39bn (£1.26bn), helped by a 15.5 per cent rise in passenger numbers. Most of this recovery was accounted for by growth in economy ticket sales.

The passenger load factor - a closely examined industry measure of how full aircraft are - rose from 68.1 per cent to 71.6 per cent. However, the



Lord King: on track to achieve planned cost savings

revenue per passenger fell 6.5 per cent, reflecting poor sales of higher priced tickets and increased competition in fares, especially across the North Atlantic.

BA generated £93m in cash after covering financing charges and spending on fixed assets and investments. This helped cut debt to £981m - down £181m on the March year-end - and left gearing five percentage points lower at 37 per cent.

The interest charge fell from £35m to £28m, helped by lower interest rates, the weakening dollar and off-balance sheet financing of aircraft purchases.

Earnings per share on a fully diluted basis were 8.4p, against 1.4p a year earlier.

Cargo traffic suffered from the economic recession and excess capacity in the market, said the company. BA increased its cargo capacity by 11.5 per cent over 1991, but the weight of cargo carried fell and revenues were unchanged at £98m.

By contrast, the company increased passenger capacity by 13.1 per cent and saw revenues from scheduled passenger services rise to £1.13bn from £1.03bn.

See Lex

Saatchi back in the black with £11m

By Maggie Urry

SAATCHI & SAATCHI, the advertising company, yesterday reported a return to profit with a pre-tax surplus of £11.1m for the first half of 1992. That compared with a loss of £32m for the corresponding period of 1991.

Mr Robert Louis-Dreyfus, chief executive, said it was the first time the company had made a profit since he joined at the start of 1990. "It is nice to be in the black," he said.

The group's shares rose 5p to 136p on the news although that was still well below the 175p equivalent price at which Mr Louis-Dreyfus invested £3m of his own money on joining the group. He said it was "the worst financial investment I have made in my life". He has already announced plans to leave in June next year.

The chief executive said the group, which completed a recapitalisation including a £60m share issue in March last year, was now on a stable financial footing. He added that it was not planning to raise any new funds.

Net debt was £185m at the period end, and there were £26m of earnings to be met. Mr Louis-Dreyfus said he expected it would be 1995 before the group could pay a dividend. He pointed out that revenues were showing no underlying growth, and he expected them to be similar to last year, excluding currency movements. Revenues in the half year were £354.7m (£352.8m).

That was despite the loss of some large clients in 1991 such as the Northwest Airlines account. Mr Louis-Dreyfus said that the second half of the year would suffer from the loss in the UK of Rover, the motor group. However, in the Far East, accounts worth nearly £100m (£52.3m) had been won recently.

Trading profits were £19.6m (£10.6m) showing an improvement in margins from 3 per cent to 5.5 per cent. Mr Louis-Dreyfus revealed that group margins were targeted to reach 10 per cent by the end of 1994. "There is no reason today we will not get there with flat revenues".

Staff numbers had fallen from 13,000 in 1991 to 12,300 currently, and a further 100 jobs could go in the second half through natural wastage. First half severance costs amounted to £1.4m (£6.3m). Interest charges were £10.4m (£14.6m) and there was an exceptional profit of £1.9m (loss £25m after restatement in line with the 1991 accounts).

Earnings per share were 0.7p (losses 56.6p). There were extraordinary charges of £9.4m relating to goodwill written off on the sale of YCS.

A market dogged by overcapacity

Christopher Price on the perennial problems faced by the travel industry

YESTERDAY'S falls in the share prices of Owners Abroad and Airtours has once again focused worries over the impact of price discounting on the holiday groups' revenues as the summer season enters its final leg.

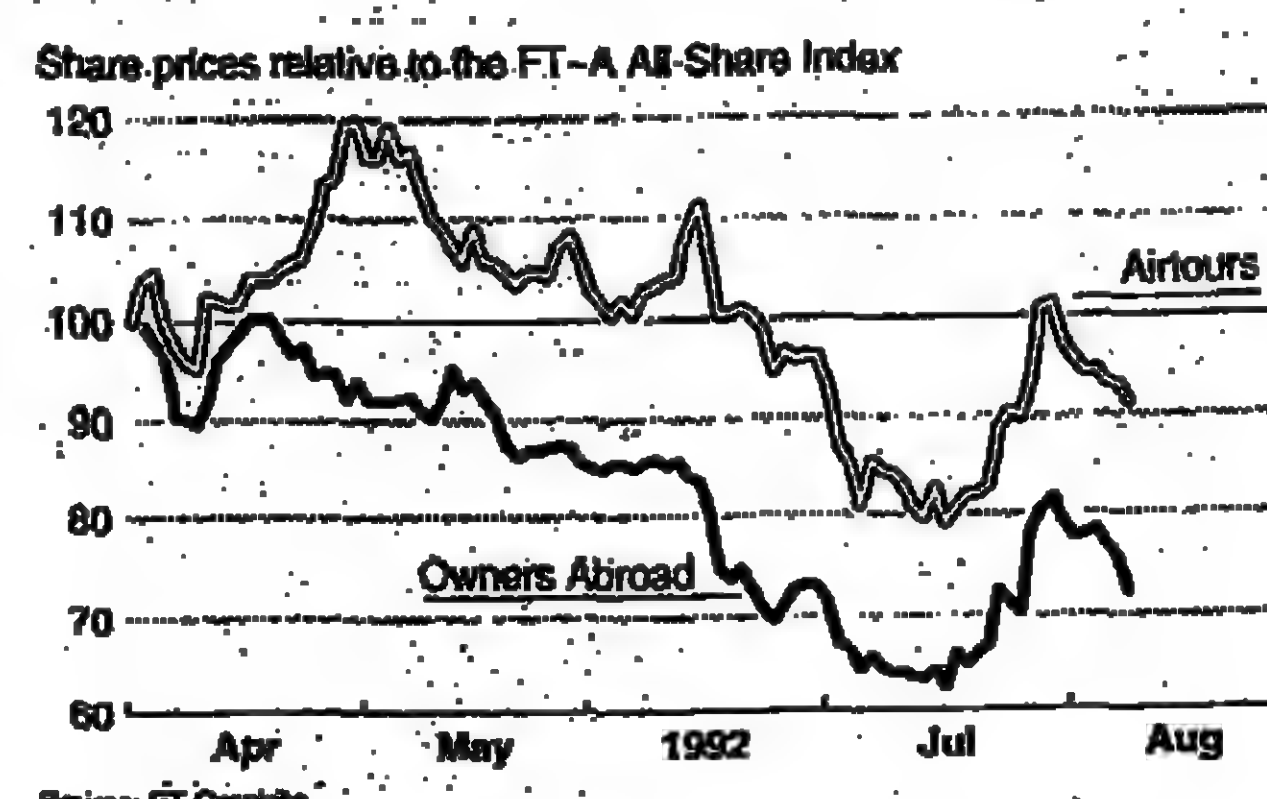
Dismissing the speculation, Mr Geoffrey Stone, finance director of Owners Abroad, said that "discounting in the high season is never heavy" and that reports of overcapacity had been overdone.

But in spite of such denials, rumours of large-scale discounting have refused to go away, undermining the performance of the shares in recent months and fuelling stories of a return to the price-war days of the mid-1980s.

The problem for tour operators and industry analysts alike is that they must make their forecasts some 18 months prior to a particular season. Consequently, demand and supply figures for the 1992 summer season will have been calculated in April last year. Forecasting the right number of holidays to offer will result in less price discounting and higher revenues.

While everyone agrees that this year's holiday market has grown, there seems little doubt that the tour operators' forecasts from last year were optimistic, not surprisingly given the accepted wisdom of a consumer-led recovery.

But most analysts reckon that while many in the industry were forecasting up to 30 per cent passenger growth this year, the actual figure has



been about 5 per cent. This in a market where Owners admits to increasing its holidays by 16 per cent. Airtours by 30 per cent and Thomson by an estimated 6 per cent. Between them, these three supply 75 per cent of the package tour market.

The result has been a flurry of weighty discounting, particularly in May and June, although a marked improvement has been reported in the past four weeks.

One problem for analysts is the difficulty in obtaining hard information on the state of the market - some have been forced to visit travel agents to gauge levels of demand and discounting. Their fears were partly confirmed last week when Luna Poly, the travel agency chain, said that oversupply would mean bargain holidays for late bookers.

Thomson, the market leader, has been the most vociferous in declaring its intent to defend its market share, even at the risk of sparking another price war. It fired the opening salvo in January, slashing £15m from 300,000 holidays. Its rivals have been forced to retaliate in order to fill their excess capacity.

While some degree of discounting is catered for in company budgets and market forecasts, it is this vicious circle of overcapacity and sliding prices that the City fears. Analysts have responded by revising forecasts and the shares have traded on low price-earnings ratios compared with the market.

Owners Abroad, whose shares crumbled from 121p on March 2 to stand at just 66p yesterday, is currently at a discount to the market of about 50 per cent. Airtours' discount is about 36 per cent, reflecting its lower operational costs and higher profits growth. Even so, its shares have tumbled from 334p

at the end of April, to 215p yesterday.

"The City is unlikely to ever give holiday companies a premium rating because of their ability to increase capacity so quickly and the low barriers to entry to the industry," says Mr Hamish Dickson at broker Hoare Covett. "It all makes for a very volatile profit line."

It also undermines the credibility of an industry trying to build confidence after the collapse last year of International Leisure Group, the UK's second biggest tour operator. But a succession of smaller highly-publicised insolvencies - such as Monday's appointment of receivers at Manchester Flight Centre - and a swirl of summer rumours that a medium-sized operator may follow suit, have not helped the industry's image, although it has to be said that those companies at risk are usually either niche players or operating outside of the mainstream of the industry.

The large established companies, such as Airtours and Owners Abroad, are cash-strong and able to withstand most of what the volatile industry brings their way.

Mr Peter Hillier, at BZW, says: "It has always been a very cyclical industry with profit dependent on its peak periods. When discounting is low and booking high the share prices are still kept at a 15-20 per cent discount. Now their ratings have slipped back on all the old fears. The market needs to be convinced that the profits are going to be delivered."

Canary Wharf offer considered

By Robert Peston

MR LEWIS RANIERI, the Wall Street investor, has emerged as a partner of Mr Larry Tisch, the media billionaire, in a possible bid for Canary Wharf, the east London property development.

The two investors, who expect to receive backing from investment funds, have offered to provide the £300m needed to complete the initial phases of Canary Wharf and find tenants for offices.

Their offer will be discussed tomorrow by 11 commercial bank lenders to the project, which have provided £576m in commercial bank loans. Mr

Tisch and Mr Ranieri are putting pressure on the banks to decide.

Though Canary Wharf is being managed by administrators from Ernst & Young under insolvency legislation, the final decision on the future ownership of Europe's biggest office development will be made by the banks, which include Barclays and Lloyds.

Mr Paul Reichmann, who created Canary Wharf as founder of Olympia & York, the Canadian property developer, persuaded Mr Ranieri and Mr Tisch to become potential investors. If their bid is successful, they would expect O&Y to continue managing

the project.

Under the terms of the Tisch/Ranieri offer, the banks would be repaid nothing until the new investors had earned a return on their £300m.

A banker said yesterday that the banks are split on what to do about the offer. "A third believe we should examine it slowly, a third think we should accept it and a third think we should reject it".

However, Mr Tisch and Mr Ranieri have hinted that they will withdraw if they do not receive strong encouragement. Some bankers are concerned that if the offer is rejected, there is a risk that Canary Wharf will go into liquidation.

Trimoco repeats no action call on bid

As Hartwell yesterday issued its official offer document, Trimoco, its target, again advised shareholders to take no action. It has promised to write to them with its views on the bid.

Hartwell is offering 17 1/2p per share and £175 for £100 nominal of 11.5 per cent convertible unsecured loan stock for Trimoco, the Dunstable-based motor dealer.

Trimoco's shares closed unchanged at 19p.

Holmes Protection offer shunned

Holmes Protection, the US security company with a UK listing, said shareholders had taken up a very small proportion of new shares on offer as part of its debt restructuring.

Of 25.5m shares on offer at a price, after share consolidation, of 62 1/2p, only 825,355 were taken up. The balance has gone to institutions, the company's previous lenders and Sir Ian MacGregor, the chairman.

Kleen-e-ze buys mail order company

Kleen-e-ze Holdings is acquiring Direct Choice UK for a maximum £1m through its Innovations (Mail Order) arm.

The consideration will be satisfied by up to 100,000 shares and cash. If the profit-related price is less than £175,000 Kleen-e-ze has the option to terminate the agreement.

Tangible fixed assets being acquired are valued at £85,000 and customer lists at £150,000.

Louis Newmark loss reduced

PRE-TAX losses at Louis Newmark, the maker of electrical, mechanical engineering and specialist equipment, were reduced from £1.07m to £980,000 in the year to April 4.

The result came on lower turnover of £24.8m (£26.6m), which reflected the loss of the Swatch agency and was after depreciation of £1.16m (£1.6m).

Losses per share were 29.9p (34.8p).

AAF pays £3.3m for buildings group

AAF Industries, the modular building and alloy wheels group, has acquired Transline, a manufacturer of system buildings, from the administrator for £3.27m cash.

The deal, comprising an initial £500,000 and further payments up to January 11 next year, includes the freehold property, plant and machinery, hire fleet of some 1,500 relocatable buildings, stock, work in

Crown Eyeglass shares see 18p rise

Shares of Crown Eyeglass, the USM-quoted maker and retailer of spectacles, yesterday rose 18p to 163p on news of an 80 per cent rise, to £451,000, in annual pre-tax profits.

Turnover for the 12 months to March 29 rose from £3.4m to £3.95m. The profits took account of an exceptional provision of £56,000 and interest income of £2,000 (charge £52,000). Directors said the latter reflected the elimination of group borrowings.

Earnings emerged at 19.4p (11.2p) and a final dividend of 4p makes a 6p (3.5p) total.

Armitage Brothers advances 20%

Reduced interest charges allowed Armitage Brothers, the pet products maker, to lift pre-tax profits by 20 per cent, from £708,000 to £851,000, in the year to May 30.

Turnover was slightly lower at £21.75m (£21.81m) and operating profits slipped to £363,000 (£1.06m). The pre-tax result was after interest payments of £142,000 against £352,000.

Rea Brothers falls by 29p to £284,000

Rea Brothers, the banking group, reported a 29 per cent fall in pre-tax profits from £402,000 to £284,000 in the first half of 1992.

The result was helped by lower debt provisions of £90,000 (£40,000).

Earnings per share came to 0.26p (0.44p) and the interim dividend is held at 0.25p.

Metal Bulletin improves to £0.71m

Metal Bulletin, the business publishing group, reported profits of £711,000 before tax for the six months to June 30.

The advance, from £565,200, was achieved on turnover ahead to £5.61m (£5.44m). The interim dividend goes up from 2.4p to 2.7p, payable from earnings of 5.1p (4.2p). Costs of the move from the USM to the main market were taken as an extraordinary charge of £54,600.

NOTICE OF EARLY REDEMPTION

The Goodyear Tire & Rubber Company

¥12,500,000,000

6 7/8% Yen Bonds Due 1994

Notice is hereby given that, pursuant to the Terms and Conditions of the above-mentioned Bonds (the "Bonds"), The Goodyear Tire & Rubber Company has elected to redeem all of the outstanding Bonds on August 28, 1992 at the redemption price of 100.50 percent of the principal amount thereof plus accrued interest thereon from December 18, 1991 to such date in the amount of ¥47,743 per Bond.

The redemption price together with accrued interest as aforesaid will be paid upon presentation and surrender of the Bonds at the office of the Fiscal Agent in any Paying Agent specified below. Payments will be made by cheque drawn on, or at the holder's option, by transfer to a Yen account maintained by the Payee with a bank in Tokyo. No payment will be made to an address in the United States or by transfer to an account maintained by the Payee in the United States.

Bonds presented for payment should be accompanied by all unexpired Coupons appertaining thereto. The face value of any missing unexpired Coupon will be deducted from the sum due for payment. The face amount of any such missing Coupon will be paid against surrender of such missing Coupon within three years from the date on which such Coupon by its terms became due.

Interest payments due on or prior to December 18, 1991 are payable upon presentation of relative Coupons in the manner provided above.

Interest shall cease to accrue on the Bonds on and after August 28, 1992

By: THE BANK OF TOKYO, LTD

July 22, 1992

Fiscal Agent and Principal Paying Agent

FISCAL AND PRINCIPAL PAYING AGENT

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- Templeton Global Income Fund:	USD 0,200	coupon no 3
- Templeton DM Global Bond Fund:	DM 0,133	coupon no 3
- Templeton Emerging Markets Fund:	USD 0,450	coupon no 1
- Templeton Haven Fund:	CHF 0,125	coupon no 2

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The Board of Directors
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AGUST 12 1992

Capacity

level industry

and of April, to 216

may be unlikely to see

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because of the

increase capacity in

the industry, says

Dickson. "It all makes

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Mr Peter Hillier, at BZ

It has always been

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100 per cent discount. Ne

and ratings have slipped

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be recovered."

Earnings per share improv

from 14.2p to 16.5p and a 5c

dividend of 0.1p is reco

mmended for a 2p 50p total

Sea Brothers falls

29% to £284,000

Sea Brothers, the cruise

company, reported a 29 per

cent fall in pre-tax profits

from £340,000 to £284,000

in the first half of 1992.

The result was helped

by lower debt provisions of

£100,000.

Earnings per share were

16.5p, and the divi

dend is 0.1p.

Metall Bulletin

improves to £0.71m

Metall Bulletin, the metals

publishing group, reported

profits of £110,000 for the

six months to June 1.

The advance from 1991

was achieved in trading

down to £5.5m of the

interim loss of over

£2.4m to £1.5m, but

earnings of 14p per

share. Costs of the group rose

£100,000 to the main market

charge of £5.5m.

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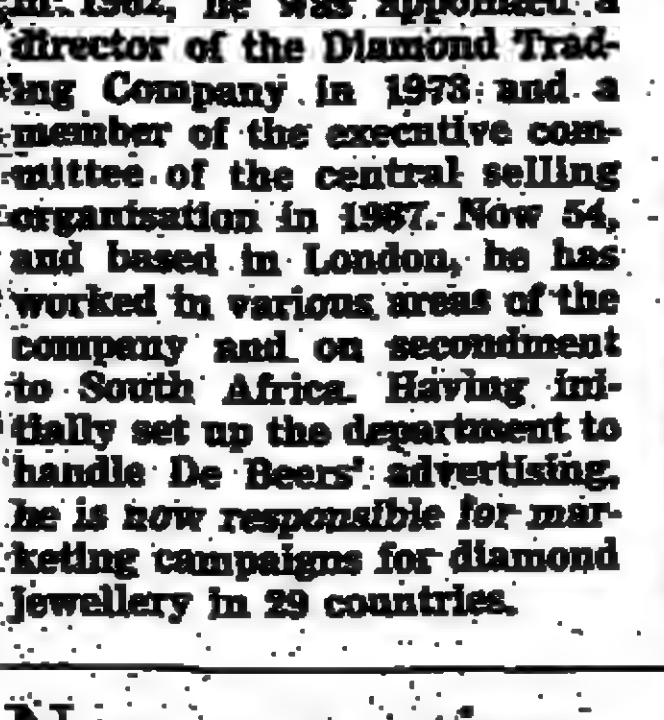
Penney follows Pimlott to the Takeover Panel



The last time that law firm Lovell White Durrant seconded one of its partners to the City Takeover Panel, it sent Graham Pimlott. Young Pimlott returned after the statutory two year term, but he was soon on the move again, first to Kleinwort Benson and then BZW where he now runs the corporate finance team.

Penney used to work under Pimlott, when the latter returned to White Durrant in October 1988, but plays down the similarities between them. "For a start I can't trump the table as hard as he can," jokes Penney.

Non-executives



Information Technology, at TRUNKED RADIO NETWORKS, operator of the Wavelength mobile communications service.



Paul Foster (right), chairman and chief executive of Euro RSCG, at N BROWN GROUP.

URBAN DEVELOPMENT

The FT proposes to publish this survey on September 18 1992. The FT reaches more businessmen with property responsibility in the UK than any other daily newspaper and more senior European decision-makers on business premises/sites reading English-language newspapers. For a full editorial synopsis and details of available advertisement positions, please contact:

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Queen Street
Manchester M2 5HT.

Data sources: BMRC Business Survey 1990, European Business Readership Survey 1991.

Tim Waterstone: "a perfect conclusion"

Tim Waterstone, founder of the eponymous bookstore chain which is now controlled by WH Smith, is staying on the board for a further year until May 1994 - after Smiths buys out his remaining shares next May - in order to develop the American market.

Alan Giles, yesterday named as Tim Waterstone's successor, joins Waterstone next month on the tenth anniversary of the opening of the first Old Brompton Road branch, for a period to be spent getting his feet under the table before he takes over officially as chief executive next February.

Waterstone, 53, will then move to New York to ensure his name "is not used in America inaccurately". The first store, opened in Boston in October, is thriving, and another located by Chicago's Water Tower is the next, set to open in November.

"We are taking it brick by brick," says Waterstone, who first got to know Smiths from another side of the fence; he was dismissed as head of the group's US operations in 1981.

"That was book distribution," he points out now, a very difficult and different business. "Anyway, this is the perfect conclusion to that irony."

Meanwhile, there will be no concessions to American book buying habits. "Either (the Waterstones style) works or we come home again." And post 1994? "I am going to be very busy," is all he will say.

Giles, who is 38 and has been with the W H Smith Group since 1979, is "very well known in the book trade", according to Waterstone, from his time as general manager of the books and news division of W H Smith books. Just over three years ago, he moved to Do It All - since formed into an as yet not too successful joint venture with Boots' Payless. He was latterly operations and development director.

FT LAW REPORTS Digest of Trinity term

Berg Sons and Co Ltd and others v Adams and others (FT, July 10)

In the present case, a winding up of the first plaintiff, Berg Sons & Co Ltd, was made on the petition of a creditor, Union Discount. Both Berg and Union Discount alleged breach of duties owed to it by Berg's auditors, relating to an unqualified certificate signed by the auditors which, it was alleged, failed to give a true picture of the state of affairs of the company.

In Al Saudi Banque (1991), Ch 313, Mr Justice Millett held that foreseeability that a lender might rely on audited accounts was not, without more, enough to establish the duty of care. There had to be a specific relationship between the function which the auditor was requested to perform, and the transaction in relation to which the plaintiff said he had relied on; see also Caparo (1990) 2 AC 600. The statutory audit had a restricted purpose so that there was also a restriction on the scope of the duty of care that arose simply from carrying it out.

In the present case the person who had a proprietary interest in the company and was concerned with its control did not rely on the accounts in order to further his business activities and the accounts were not a critical factor for the substantial credits extended to Berg.

The Nicholas H (FT, July 15)

The owners of the cargo carried on Nicholas H began an action against the shipowners and the Japanese classification society, Nippon Kaiji Kyokai. The claim against the owners was settled for \$500,000 (£261,800) but the action against Nippon was for the sum of \$5.5m for alleged breach of a duty of care to the cargo-owners. On the facts assumed for the purposes of the preliminary issue only, it was stated that cracks had developed in the hull of the vessel and arrangements had been made for Nippon to survey the vessel at anchor. An initial survey recommended permanent repairs but only temporary repairs were carried out. The vessel then continued with its journey on the surveyor's

second recommendation but it sank with all the cargo. Mr Justice Hirst stated that the proximity criterion for a duty of care in tort was essential in the present case, particularly since there was such a wide variety of circumstances where a party not in contractual relationship with Nippon might seek to establish liability. On the assumed facts there was a very close degree of proximity between the surveyor and the cargo-owners. Although there was no direct physical control over the vessel the decisive influence on the shipowners which the second recommendation must have had, and would reasonably be foreseen to have, was very akin to control.

The Depositors' Protection Fund v Dalia and another (FT, July 16)

To alleviate hardship when a bank became insolvent, the Banking Act 1979 set up the Depositors' Protection Fund and money from the fund was payable to depositors on the insolvency of a recognised bank or institution. The fund was continued under the Banking Act 1987, under which the maximum amount of a protected deposit was increased to £20,000. After the Bank of Credit and Commerce International ceased trading but before it was wound up, BCCI depositors assigned part of their deposits to family members or close friends so that each assignee could look to the fund for maximum compensation payable. The transfers totalled several million pounds with more than 200 assignees.

Giving judgement for the assignees, the vice-chancellor stated that for compensation purposes the position was the same as with regard to a statutory assignee. There was no reason in principle why, for the purposes of the deposit protection scheme, an assignee of part of a deposit should be treated any differently from an assignee of the whole.

Kuwait Airways Corporation v Iraqi Airways and another (FT, July 17)

Kuwait Airways Corporation obtained judgement against Iraqi Airways Co for delivery of commercial aircraft and damages assessed at \$498,455m.

The case had arisen as a result of the invasion of Kuwait by Iraq when six Kuwaiti civilian aircraft, owned by Kuwait Airways, were flown to Iran and interned and four other Kuwaiti civilian aircraft were destroyed on the ground. Iraqi Airways claimed immunity under section 14 of the State Immunity Act. However, in refusing a striking-out application, Mr Justice Evans stated that the scheme of the act was such that a state had no general immunity, except with regard *inter alia* to "commercial transactions". The government of Iraq had identified the 10 particular aircraft involved as required for a civilian operation by Iraqi Airways and there was no evidence to justify a finding that the purpose was governmental rather than commercial. Iraqi Airways had been incorporated as "being operated on a profit and loss basis" under Iraqi law. Moreover, under the Companies Act 1965, a writ had to be served on an overseas company at its registered address of any place of business established in Great Britain. In the present case the writ had been properly served on the accountant of Iraqi Airways as acting manager of its business at its Regent Street offices in London.

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Date of appointment: 20 August 1992

By whom appointed: Directors PLC

Date of filing: 17th October 1992

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ANNUAL REPORT 1991.	
TOTAL DEPOSITS	39,600
CUSTOMER DEPOSITS	28,950
CUSTOMER LOANS	28,976
GROSS PROFIT	313.1
NET PROFIT	24.2
(BILLION LIRE)	

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COMMODITIES AND AGRICULTURE

US orange juice prices plunge to contract lows

By Barbara Durr in Chicago

IN THIS second day of a major sell-off, orange juice futures fell yesterday to life-of-contract lows on the New York Cotton Exchange.

Prices are plummeting following reports that the Brazilian harvest is larger and has begun sooner than expected. The Florida crop is also reported to be up significantly.

By mid-morning, the spot month, the September contract, had dropped 2.05 cents to 106.25 cents a lb, but the farther out contracts were all flirting seriously with the 5-cent permissible daily limit on price movements.

Analysts said that the near term fundamentals in the market were all bearish, but chart-minded traders were also joining in the sell-off. Commodity funds jumped into sell on Monday driving all contracts but

the spot month to limit falls. The September spot month contract nearly reached its 10-cent limit with a fall of 8.25 cents to 106.25 cents a lb.

According to Ms Sandra Kaul of Shearson Lehman, Brazilian supplies this 1992-1993 crop year will exceed the 273.5m boxes that were forecast earlier.

Florida's crop is also expected to increase to at least 175m boxes, up 25 per cent from last year's 139.8m. If the October crop report by the US Department of Agriculture confirms the trade's perceptions about the higher Florida output, some analysts say that prices for frozen concentrated orange juice futures could plunge to just 75 cents a lb. However, the next level of support for prices is expected to come at 90 cents a lb. At that level frozen concentrated orange juice would be at a six year low.

More US futures approved

By Barbara Durr

THE COMMODITY Futures Trading Commission, the futures industry regulator, has approved three new contracts that will serve to heighten competition among US futures markets. They include platinum and palladium futures for the New York Commodity Exchange (Comex), although contracts for the two metals already trade on the New York Mercantile Exchange (Nymex).

The commission has also approved the application of the Chicago Board of Trade to trade a new international phys-

ical commodity index designed with the Commodity Research Bureau. The CBOT's move to trade a such a contract is aimed at competing with the Goldman Sachs Commodity Index, which started trading last month at the rival Chicago Mercantile Exchange.

Comex said that it expected to launch the new platinum and palladium futures as early as next month.

Mr Alan Hanson, Comex spokesman, said the exchange was consulting yesterday with the Platinum and Palladium Advisory Group on the exact times for the start of trading.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market, 99.8 per cent, \$ per lb, in warehouse, 1,720-1,745 (same).

BISMUTH: European free market, 99.99 per cent, \$ per lb, in warehouse, 2,300-2,320 (same).

CADMIUM: European free market, 99.5 per cent, \$ per lb, in warehouse, 0.65-0.85 (0.70-0.90).

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 20.50-22.50 (20.00-22.00).

MERCURY: European free market, 99.99 per cent, \$ per 76 lb flask, in warehouse, 135-150 (same).

MOLYBDENUM: European free market, drummed molyb-

dic oxide, \$ per lb Mo, in warehouse, 2.35-2.40 (same).

SELENIUM: European free market, 99.5 per cent, \$ per lb, in warehouse, 4.80-5.50.

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO₃, cif, 53-62 (same).

VANADIUM: European free market, min. 98 per cent, \$ a lb V₂O₅, cif, 2.00-2.15 (same).

URANIUM: Nuxeo exchange value, \$ per lb, U₃O₈, 7.75 (same).

LME WAREHOUSE STOCKS (As at Monday's close)	
Aluminium	+4,225 to 1,214,225
Copper	+1,100 to 249,000
Lead	-25 to 190,300
Nickel	+2,250 to 40,300
Zinc	-75 to 344,275
Tin	-15 to 14,745

Tribunal backs Maori claim on fisheries

By Terry Hall in Wellington

THE WAITANGI Tribunal, the powerful advisory body on Maori affairs, has recommended that most of the fisheries of New Zealand's South Island be handed over to the Ngai Tahu - one of the country's smallest tribes.

The tribunal in its findings said that the government had failed in a number of ways to honour its obligations to the South Island-based tribe from the signing of the treaty between the British and Maori people in 1840.

These included purchasing 34.5m acres from the tribe which left them landless and with no economic base on which to fish, failure to protect and conserve the sea fisheries and an assumption that non-Maoris had equal rights with Maoris over their fisheries.

The tribunal said that the Ngai Tahu had an exclusive right to fish virtually all the South Island coastline as well as a reasonable share of the 200-mile deep water fishery.

In the past similar findings have led to substantial cash settlements with the Maori tribes concerned, and observers say one in this case could be worth between NZ\$500m and NZ\$800m. However, a settlement much smaller than this is likely with the tribe gaining a direct share of the resources.

Tribunal members rejected the tribe's claim for all sea fisheries off its boundaries, equivalent to 70 per cent of New Zealand's total commercial fisheries.

Mr Jim Bolger, prime minister, said the recommendation would not be accepted in full, especially as it would favour just one small group of Maori.

Maori representatives have emphasised that they do not plan any seaborne acquisition of South Island fishing held now by non-Maoris.

In its finding the tribunal said allowances should be made for the serious depletion of the inshore fisheries, caused by non-Maori fishing, when working out a reasonable share of the deep water fisheries.

Ngai Tahu's 28,000 members are already set to become the main beneficiaries of a \$120 million 10 per cent commercial fishing quota that had previously been agreed they would receive under the Maori Fisheries Act.

If the tribunal's recommendation was granted, the Ngai Tahu tribe would receive about 85 per cent of the total fishery for hoki, the major export fish.

Canada's high-cost coal mines feel the pinch

Bernard Simon describes desperate efforts to improve efficiency and competitiveness

ONE AFTER another, western Canada's coal mines are confronting the painful reality that high-cost producers usually suffer the heaviest casualties in an over-supplied market.

Financial restructuring, labour confrontation, pleas for lower taxes and protracted negotiations with suppliers are the order of the day in British Columbia, as the coal producers seek to improve their competitiveness by bringing down costs.

"There's a future only for a mine operating at absolute maximum efficiency," says Mr Jim Gardiner, president of Fording Coal, whose mine in south-east British Columbia has been shut by a strike since early May. Fording, which was hoping to ship 6.5m tonnes of coking coal this year, has demanded that its workers accept management's right to do business with non-union contractors.

Wester Mining's Balmer mine, which is among Canada's biggest coal exporters, has also been closed by a labour dispute for the past three months. Another property, Line Creek, changed hands earlier this year, and the future of several other mines is uncertain.

The province's seven major coal producers suffered their biggest losses over last year, with a combined shortfall from operations of C\$62m (\$27m).

And write-offs totalling another C\$100m.

The adjustment process has progressed furthest at the Quintette mine in the north-east corner of the province. Quintette, which was a showpiece of Canadian resources policy when it opened eight years ago, was pushed to the brink of bankruptcy in the late 1980s by high costs, a heavy debt burden and the unremitting squeeze on prices.

But a financial restructuring (which left a group of banks as sizeable minority shareholders) enabled the mine to emerge from court protection earlier this year. With the help of a change in management, Quintette has so far succeeded in bringing down its costs by even more than its owners expected. The mine's output has shrunk by 20 per cent in the past 18 months.

While strike-bound Balmer and Fording have declared force majeure on their export contracts, Quintette is now shipping coal at a record pace to Japanese steel mills. The mine is currently exporting over 400,000 tonnes a month, and its stocks will have dwindled to 8,000 tonnes by the end of August.

Quintette has now been taken over by Westar as the industry's most critically ill patient. The Vancouver-based company, with debts of about C\$400m, applied for court protection from its creditors in early June.

Mr Peter Dolzel, Westar's president, says the company has enough cash to last till the end of September, and has put together a restructuring plan which, in his words, "we believe is workable". Westar's smaller Greenhill mine is understood to be still operating normally and profitably.

"There's a future only for a mine operating at absolute maximum efficiency"

Besides debt relief, Westar needs at least C\$50m for a new pit at Balmer. The mine's existing seam has only seven or eight years of reserves, and costs are high. The difficult mining conditions pushed Balmer's output down to 5.4m tonnes last year, from 5.6m tonnes in 1990.

A financial restructuring is necessary for Balmer but would not be sufficient to save the mine.

The leaders of the United Mine Workers local branch have a reputation for being among the most intransigent trade unionists in the North American mining industry. They rejected the recommendation by a government-ap-

pointed panel last month that the management's latest package should be put to a secret, union-supervised vote among their 1,300 members.

According to Mr Dolzel, several hundred workers have signed a petition in recent days demanding a vote.

Westar's most immediate problem however, is to hang on to its board. Seven of its nine directors, including the chairman, have quit over concerns that they might be held personally liable in law for severance payments to workers while Westar is under bankruptcy protection.

A British Columbian Supreme Court judge last week refused Westar's application to provide security for the liability of the three remaining directors. These are now considering whether, as a last resort, they should put the company into liquidation.

The British Columbian coal producers' troubles are being exacerbated by the political and economic environment. A labour-backed government, which took office in British Columbia last September, has expressed sympathy for the industry. But in the words of one senior mining executive, it "talks both ways at the same time" by intervening with a never-ending series of review panels, mediators and commissions.

On the commercial front, the producers have received a

boost this year from a weaker Canadian dollar. But they still face a market that has been over-supplied for almost a decade, and where no respite is in sight as steelmakers try to cut their use of the high-quality metallurgical coal produced in British Columbia.

Mr Richard Marshall, a Calgary coal consultant, warned in a report last year that British Columbia's exports of coking coal to Japan could fall from 12.7m tonnes in 1990 to as low as 5.7m tonnes by 2010.

Producers have had to accept price reductions from their Japanese customers in each of the past two years. The industry claims that its export prices have plunged by 66 per cent in real terms over the past decade.

The mines hope that domestic power-station business will take up some of the slack on the export markets. Fording and Luscar's Coal Valley mine won hard-fought contracts in competition with US producers earlier this year to supply Ontario Hydro. The mines are also pressing for cuts in provincial environmental standards to allow more coal-fired power stations.

But the industry's emphasis for the foreseeable future is likely to remain on cutting its own costs, and stepping up pressure on other links in the export chain - notably the railways - to become more competitive as well.

Investors cut gold holdings, says report

By Kenneth Gooding, Mining Correspondent

EUROPEAN AND North American investors cut their gold bullion holdings by nearly 300 tonnes in the first half of this year, according to the Metals & Minerals Research Services consultancy group.

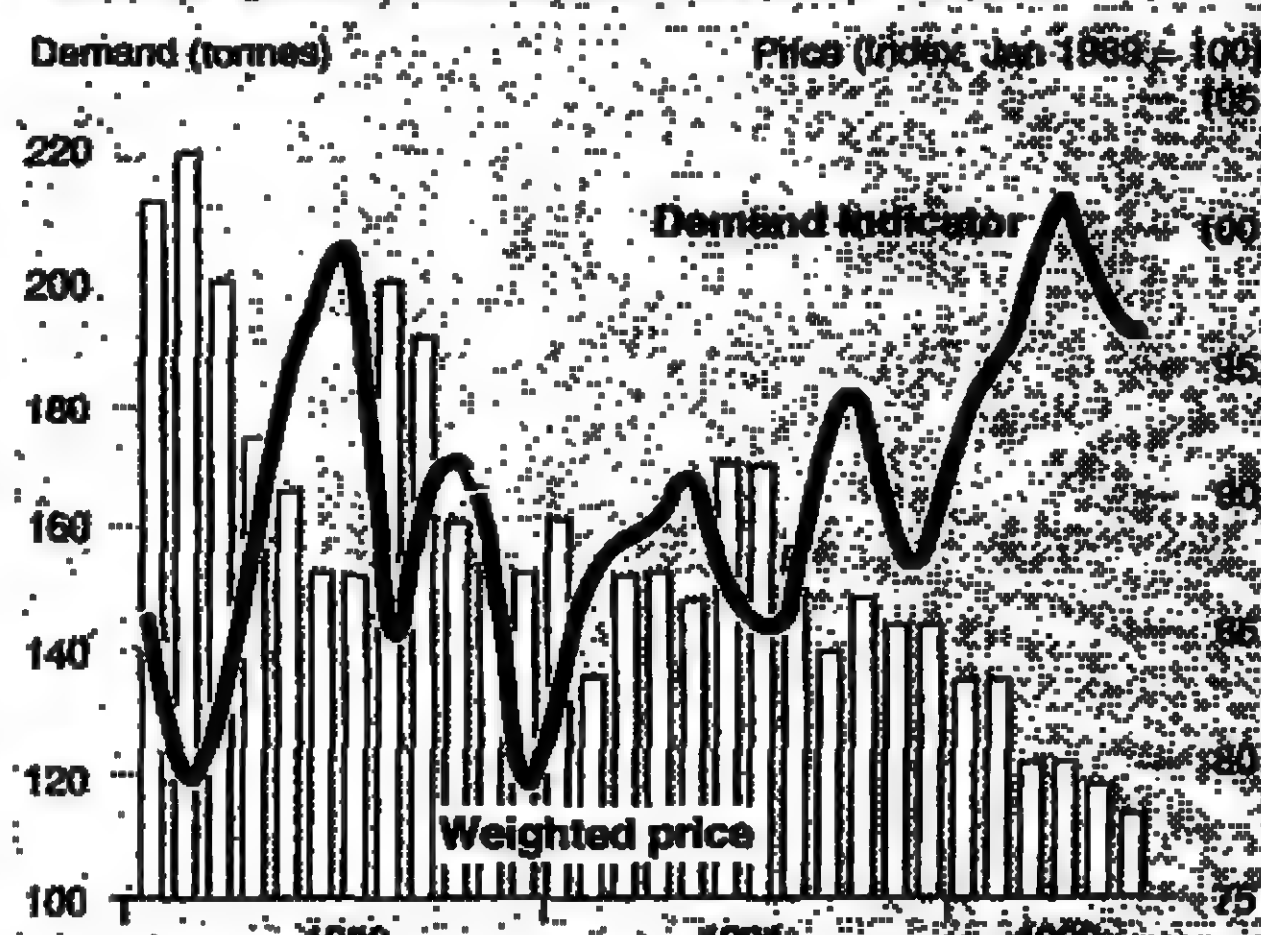
That is equivalent to six months' output from South Africa, the world's biggest producer, it points out.

The "ease with which metal has so far been tempted away from these investors" at a time of low and flat gold prices is one important reason that prices have not been rising in spite of a substantial fall in supply and continued record demand, says MMR's in its latest World Bullion Market report.

Looking ahead, it suggests that, while low interest rates and higher gold prices in recent weeks may be restraining further gold disinvestment in North America, "the opportunity cost of holding gold in Europe remains significant."

Although gold's price went

World gold demand versus price



up in dollar terms in July its price in most European currencies was virtually unchanged because of a weakening dollar. So "major disinvestment from Europe could well continue through the foreseeable future".

MMR's also suggests that much of the growth in demand

for gold in recent years has been in high carat, low added-value jewellery and bars in the developing Asian economies.

The consultancy group believes that any substantial price increase would result in a concurrent drop in demand from this area of consumption, causing prices to ease again.

The report estimates that western world gold production remained stable in the first half of this year and that supplies from the former eastern bloc countries dropped by half to only 135 tonnes. Taking other components into account, MMR's suggests that total gold supply in the western countries is likely to fall by 7 per cent during the whole of 1992 to 2,470 tonnes.

Meanwhile, demand has remained high and "assuming no further large sales by central banks" the market should be in deficit for the foreseeable future.

Nevertheless, MMR's concludes that "while the bear market might have ended, it is far too early to suggest that recent dollar price gains are the start of gold's long awaited revival".

It believes the gold price will move sideways for a while, "laying the foundation for a slow recovery towards the mid-1990s".

World Bullion Market, quarterly, \$1,250 a year from MMR's, 2 Henry Street, Bath, Avon, BA1 1JT, England.

Rubber pact members asked for more cash

By Kieran Cooke in Kuala Lumpur

THE INTERNATIONAL Natural Rubber Organisation is reported to have asked its members for more cash in order to increase its buffer stock buying and shore up prices.

Mr Aldo Hofmeister, the organisation's buffer stock manager, told the local news agency here that two members would be asked to contribute M\$150m (US\$90m) in order to support further buffer stock operations. Mr Hofmeister said that two countries had till mid-October to come up with the funds.

Traders feel that the intro action reflects increasing frustration with present pricing structures as natural rubber prices continue to fall.

At the end of last week IRO bought between 4,000 and 8,000 tonnes of Malaysian rubber and between 1,000 and 2,000 tonnes of Indonesian rubber as part of its efforts to stop prices falling.

WORLD COMMODITIES PRICES

MARKET REPORT

LONDON COCOA prices were sharply down at the close, while New York continued to slide in late trading on selling tide to follow through on the firmness early last week. Dealers cited discouraging chart factors.

"Over the past few days, the big question had been: 'I think today we've had our answer,'" one London trader said. London robusta COFFEE prices held steady in spite of an overnight fall in the New York arabica market. Traders were predicting further losses in New York, with London steadier because of lighter robusta supplies. GOLD

tested support, but held above, \$348 a troy ounce on the London bullion market. Much of the day's early flurry of activity was dictated by the weak Australian dollar, which prompted physical buying and selling of gold in that currency, one senior dealer said. Middle East buying was also reported earlier. New York PLATINUM futures fell early on the back of another drop in Japan's Nikkei stock average, sparking fears of lessening demand from the world's biggest importer, analysts said. BASE

METALS trading on the LME remained dull, with the summer lull well entrenched.

Compiled from Reuters

London Markets

SPOT MARKETS

Credit oil (per barrel FOB) + or -

Dubai \$17.50-7.50 -1.00

Brent Blend (dubai) \$15.45-5.50 -0.50

Brent Blend (spot) \$15.55-5.55 -0.75

WTI (1000) \$20.90-5.90 -1.00

Oil products

INE prompt delivery per tonne CIF + or -

Premium Gasoline \$218-221

Gas Oil \$174-178

Heavy Fuel Oil \$83-84 -1.0

Naphtha \$189-190 +1.0

Petroleum Argus Estimates

Other

Gold (per troy oz) \$348.05 -1.85

Silver (per troy oz) \$36.50 -0.10

Platinum (per troy oz) \$369.25 -5.75

Palladium (per troy oz) \$82.5 -0.5

Copper (US Producer) 117.00 -0.5

Lead (US Producer) 32.18 -7.28

Tin (Kuala Lumpur market) 15.00 -2.5

The (New York) 311.50 -1.0

Zinc (US Prime Western) 62.00

Cattle (live weight) 108.50 -0.80

Sheep (live weight) 73.50 -1.50

Pigs (live weight) 70.50 -0.20

London daily sugar (raw) \$24.00 -0.5

London daily sugar (white) \$23.50 -0.5

Barley and Lyle export price \$24.50

Tare (English lead) 11.60 -1.0

Maize (US No. 3 yellow) \$15.15

Wheat (US Dark Northern) 50.00

Rubber (Sri Lanka) 50.50

Rubber (Ceylon) 50.50

Rubber (RSS No 1 July) \$53.50 +1.0

Coccolut oil (Philippines) \$480.00 -5.0

Palm oil (Malaysia) \$275.00 -2.5

Copra (Philippines) \$312.50

Soyabean oil (US) \$19.50

Cotton "A" (India) \$1.00 -0.15

Wooltops (4 1/2 Super) 38.00

Cottonseed oil and shipments allow for the week ended 7 August amounted to 56 tonnes, against 126 tonnes in the previous week. New York brought relatively low demand, but support was mentioned in West African and Russian styles

COCOA - London FOEX

Cocoa (per tonne) \$/tonne

Close Previous High/Low

Sep 913 937 930 912

Oct 940 968 962 943

Nov 970 997 990 950

May 986 715 709 689

Jul 709 733 727 706

Aug 722 749 740 720

Dec 700 720 710 700

Turnover: 5714 (1394) lots of 10 tonnes

KCO indicator price (50% per cent) for Aug 10: Comp. daily 46.47 (47.00) 15 day average 47.74 (47.94)

COFFEE - London FOEX

Coffee (per tonne) \$/tonne

Close Previous High/Low

Sep 721 722 720 715

Nov 741 743 747 732

Dec 758 760 760 750

Mar 771 773 777 768

Jul 795 820 800

Turnover: 2635 (1088) lots of 5 tonnes

KCO indicator price (50% per cent) for Aug 10: Comp. daily 46.47 (47.00) 15 day average 47.74 (47.94)

POTATOES - London FOEX

Potatoes (per tonne) £/tonne

Close Previous High/Low

Apr 58.1 60.0 60.5 59.0

Turnover: 165 (170) lots of 20 tonnes

SOYABEAN - London FOEX

Soyabean (per tonne) £/tonne

Close Previous High/Low

Aug 115.50 115.50

Turnover: 128 (105) lots of 20 tonnes

FRUGIT - London FOEX

Frugit (per tonne) \$/1000 bushels

Close Previous High/Low

Aug 1072 1080 1075 1072

Sep 1116 1115 1116 1110

Oct 1198 1200 1200 1190

Nov 1225 1245 1245 1225

Dec 1265 1285 1285 1265

Jan 1265 1285 1285 1265

Feb 1265 1285 1285 1265

Mar 1265 1285 1285 1265

Apr 1265 1285 1285 1265

May 1265 1285 1285 1265

FINANCIAL TIMES STOCK INDICES

108.35	97.15	106.35	50.53
(8/7)	(2/1)	(6/7-10/2)	(3/1-1/7/2)
2149.7		2149.7	48.4
[12/5]	(11/1)	(12/5-1/2)	(6/2-10/2)
107.0	153.5		45.5
(10/1)	(8/7)	(16/2-8/3)	(10/2-1/7/1)
2737.8	2309.6	2737.8	986.9
(11/5)	(11/5)	(11/5-9/2)	(12/7-1/1)
[11/5]	(11/5)	(11/5-9/2)	(12/7-1/1)

1000 100 Gert Sells 15/10/25, Ernest Hunt 15/23, Ordinary 1/30K, John Jones 1/29/55, Sells 1/2001 1/10 2001 1/14 2/7-28 1/2001 1/20 1/20/25 1/14 1/14.

GILT EDGED ASSETS

Indices*	Aug 10	Aug
Gilt	72.0	74.0
Bargains	72.0	74.0
5 - Day average	76.8	83.0


*See Activity 1974.
 (Excluding intra-market business and Overseas turnover)

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Stocks		Commodities		
Price	Change	Price	Change	
75	-1	Shell Transport	1,630	+20
74	-1	Shell Crude	420	+1
73 1/2	-1	Shell Refining	420	+1
73 1/2	-1	Shell Chemicals	420	+1
73 1/2	-1	Shell Services	420	+1
73 1/2	-1	Shell Distribution	420	+1
73 1/2	-1	Shell Marketing	420	+1
73 1/2	-1	Shell Logistics	420	+1
73 1/2	-1	Shell Finance	420	+1
73 1/2	-1	Shell Insurance	420	+1
73 1/2	-1	Shell Real Estate	420	+1
73 1/2	-1	Shell Technology	420	+1
73 1/2	-1	Shell Environmental	420	+1
73 1/2	-1	Shell Energy	420	+1
73 1/2	-1	Shell Chemicals	420	+1
73 1/2	-1	Shell Services	420	+1
73 1/2	-1	Shell Distribution	420	+1
73 1/2	-1	Shell Marketing	420	+1
73 1/2	-1	Shell Logistics	420	+1
73 1/2	-1	Shell Finance	420	+1
73 1/2	-1	Shell Insurance	420	+1
73 1/2	-1	Shell Real Estate	420	+1
73 1/2	-1	Shell Technology	420	+1
73 1/2	-1	Shell Environmental	420	+1
73 1/2	-1	Shell Energy	420	+1
73 1/2	-1	Shell Chemicals	420	+1
73 1/2	-1	Shell Services	420	+1
73 1/2	-1	Shell Distribution	420	+1
73 1/2	-1	Shell Marketing	420	+1
73 1/2	-1	Shell Logistics	420	+1
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73 1/2	-1	Shell Environmental	420	+1
73 1/2	-1	Shell Energy	420	+1
73 1/2	-1	Shell Chemicals	420	+1
73 1/2	-1	Shell Services	420	+1
73 1/2	-1	Shell Distribution	420	+1
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73 1/2	-1	Shell Chemicals	420	+1
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73 1/2	-1	Shell Energy	420	+1
73 1/2	-1	Shell Chemicals	420	+1
73 1/2	-1	Shell Services	420	+1
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73 1/2	-1	Shell Insurance	420	+1
73 1/2	-1	Shell Real Estate	420	+1
73 1/2	-1	Shell Technology	420	+1
73 1/2	-1	Shell Environmental	420	+1
73 1/2	-1	Shell Energy	420	+1
73 1/2	-1	Shell Chemicals	420	+1
73 1/2	-1	Shell Services	420	+1
73 1/2	-1	Shell Distribution	420	+1
73 1/2	-1	Shell Marketing	420	+1
73 1/2	-1	Shell Logistics	420	+1
73 1/2	-1	Shell Finance	420	+1
73 1/2	-1	Shell Insurance	420	+1
73 1/2	-1	Shell Real Estate	420	+1
73 1/2	-1	Shell Technology	420	+1
73 1/2	-1	Shell Environmental	420	+1
73 1/2	-1	Shell Energy	420	+1

Traded options were also busy, with the FT-SE index option particularly active. Total turnover reached 32,111 and the FT-SE option accounted for 19,709 of that total.

	Notes	Price	Yield	Red
	10/10	122 1/2	105%	9

[illegible]

The Financial Times proposes a survey entitled

TRAVEL MANAGEMENT

major costs that a company faces. Management control of travel costs is most relevant to the sector.

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LONDON SHARE SERVICE

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Company	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993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AUTHORISED UNIT TRUSTS

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Laituro & Co

INITIAL CHARGE:

Charge made on sale of units. It is policy measure to ensure that the fund is self-sufficient to cover its initial costs. Including commission paid to intermediaries, and the cost of the fund's initial expenses.

OFFER PRICE:

Also called issue price. The price at which investors can buy the units. The price of which varies as the value of the units rises or falls by investors.

CANCELLATION PRICE:

The price at which investors can sell the units. The offer and bid prices is determined by a formula laid down in the prospectus. The offer price is always higher than the bid price. The difference between the two is known as the bid-ask spread. A normal spread is 1% to 2%.

REDEMPTION PRICE:

Also called the bid price. The price at which investors can sell the units. The price is always lower than the offer price. The difference between the two is known as the bid-ask spread. A normal spread is 1% to 2%.

NAV:

Net Asset Value. The value of the units. It is calculated by dividing the net assets of the fund by the number of units outstanding. The NAV is the price at which investors can buy or sell the units. The NAV is the price at which investors can buy or sell the units.

FORWARD PRICING:

The value of the units at the end of the day. It is calculated by adding the net assets of the fund to the value of the units at the end of the day. The forward price is the price at which investors can buy or sell the units. The forward price is the price at which investors can buy or sell the units.

SCHEME PARTICULARS AND REPORTS:

The information that investors need to know about the fund. It includes the fund's objectives, investment strategy, and performance. The scheme particulars and reports are the information that investors need to know about the fund. The scheme particulars and reports are the information that investors need to know about the fund.

Other regulatory bodies are also concerned in the setting of the rules of the fund. The Financial Services Commission, the Securities and Exchange Commission, and the Investment Company Institute are the main regulatory bodies. The Financial Services Commission, the Securities and Exchange Commission, and the Investment Company Institute are the main regulatory bodies.

1700 New York Avenue, N.W., Washington, D.C. 20004
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FT MANAGED FUNDS SERVICE[illegible]

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2126

[illegible]

FT MANAGED FUNDS SERVICE[illegible]

1000 lb. Cattle	10.00	10.00
1000 lb. Hogs	10.00	10.00
1000 lb. Sheep	10.00	10.00
1000 lb. Poultry	10.00	10.00
1000 lb. Fish	10.00	10.00
1000 lb. Game	10.00	10.00
1000 lb. Furs	10.00	10.00
1000 lb. Minerals	10.00	10.00
1000 lb. Plants	10.00	10.00
1000 lb. Animals	10.00	10.00
1000 lb. Insects	10.00	10.00
1000 lb. Birds	10.00	10.00
1000 lb. Reptiles	10.00	10.00
1000 lb. Amphibians	10.00	10.00
1000 lb. Mammals	10.00	10.00
1000 lb. Fishes	10.00	10.00
1000 lb. Invertebrates	10.00	10.00
1000 lb. Vertebrates	10.00	10.00
1000 lb. Mollusks	10.00	10.00
1000 lb. Crustaceans	10.00	10.00
1000 lb. Arthropods	10.00	10.00
1000 lb. Chelicerates	10.00	10.00
1000 lb. Hexapods	10.00	10.00
1000 lb. Insects	10.00	10.00
1000 lb. Spiders	10.00	10.00
1000 lb. Scorpions	10.00	10.00
1000 lb. Centipedes	10.00	10.00
1000 lb. Millipedes	10.00	10.00
1000 lb. Tardigrades	10.00	10.00
1000 lb. Rotifers	10.00	10.00
1000 lb. Nematodes	10.00	10.00
1000 lb. Platyhelminths	10.00	10.00
1000 lb. Cnidarians	10.00	10.00
1000 lb. Mollusks	10.00	10.00
1000 lb. Crustaceans	10.00	10.00
1000 lb. Arthropods	10.00	10.00
1000 lb. Chelicerates	10.00	10.00
1000 lb. Hexapods	10.00	10.00
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1000 lb. Crustaceans	10.00	10.00
1000 lb. Arthropods	10.00	10.00
1000 lb. Chelicerates	10.00	10.00
1000 lb. Hexapods	10.00	10.00
1000 lb. Insects	10.00	10.00
1000 lb. Spiders	10.00	10.00
1000 lb. Scorpions	10.00	10.00
1000 lb. Centipedes	10.00	10.00
1000 lb. Millipedes	10.00	10.00
1000 lb. Tardigrades	10.00	10.00
1000 lb. Rotifers	10.00	10.00
1000 lb. Nematodes	10.00	10.00
1000 lb. Platyhelminths	10.00	10.00
1000 lb. Cnidarians	10.00	10.00
1000 lb. Mollusks	10.00	10.00
1000 lb. Crustaceans	10.00	10.00
1000 lb. Arthropods	10.00	10.00
1000 lb. Chelicerates	10.00	10.00
1000 lb. Hexapods	10.00	10.00
1000 lb. Insects	10.00	10.00
1000 lb. Spiders	10.00	10.00
1000 lb. Scorpions	10.00	10.00
1000 lb. Centipedes	10.00	10.00
1000 lb. Millipedes	10.00	10.00
1000 lb. Tardigrades	10.00	10.00
1000 lb. Rotifers	10.00	10.00
1000 lb. Nematodes	10.00	10.00
1000 lb. Platyhelminths	10.00	10.00
1000 lb. Cnidarians	10.00	10.00
1000 lb. Mollusks	10.00	10.00
1000 lb. Crustaceans	10.00	10.00
1000 lb. Arthropods	10.00	10.00
1000 lb. Chelicerates	10.00	10.00
1000 lb. Hexapods	10.00	10.00
1000 lb. Insects	10.00	10.00
1000 lb. Spiders	10.00	10.00
1000 lb. Scorpions	10.00	10.00
1000 lb. Centipedes	10.00	10.00
1000 lb. Millipedes	10.00	10.00
1000 lb. Tardigrades	10.00	10.00
1000 lb. Rotifers	10.00	10.00
1000 lb. Nematodes	10.00	10.00
1000 lb. Platyhelminths	10.00	10.00
1000 lb. Cnidarians	10.00	10.00
1000 lb. Mollusks	10.00	10.00
1000 lb. Crustaceans	10.00	10.00
1000 lb. Arthropods	10.00	10.00
1000 lb. Chelicerates	10.00	10.00
1000 lb. Hexapods	10.00	10.00
1000 lb. Insects	10.00	10.00
1000 lb. Spiders	10.00	10.00
1000 lb. Scorpions	10.00	10.00
1000 lb. Centipedes	10.00	10.00
1000 lb. Millipedes</		

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fed leads massive intervention

THE FEDERAL RESERVE led a massive round of central bank intervention to prop up the dollar yesterday, but first indications were that the operation had not been as successful as the one held on July 30, according to *James Bly*.

The Fed intervened in the market at around 1.15 pm London time, buying the dollar with the currency as the dollar/D-Mark rate fell to around DM1.4610. In its third intervention in the foreign exchange market in three weeks, it bought dollars at DM1.4715 and later at DM1.4770. Fifteen central banks joined the Fed in the operation, in three concerted waves of intervention.

The intervention, which lasted over three hours, was more extensive than the one held on July 30, and more than \$500m was spent by all the central banks. However, in late US trading, the dollar was still hovering at around DM1.4675 after peaking at DM1.4791.

The Fed and the European

central banks would have wanted to keep the dollar above a floor of around DM1.4700 for several reasons. The US authorities might have been concerned yesterday that the new Treasury refunding issue of \$150m of 3-year notes went ahead smoothly yesterday, with investors confident that the dollar has the long-term potential to rise.

European central banks are concerned that a weak dollar/D-Mark rate will exacerbate tensions in the European Monetary system. And the Group of Seven leading industrial countries will want to show that they can control the dollar/D-Mark rate, avoiding a free-fall that would damage already brittle stockmarkets.

But dealers said that yesterday's operation was hampered by bad timing. The central banks did not surprise the market as completely as they did on July 30. Dealers had already anticipated that the Fed could intervene at around DM1.4600,

and most dealers' books were already square.

Fundamental factors also make it difficult for the dollar to break out of its current range. There is still a fear that the huge 6.75 per cent differential between US and German interest rates will widen further, and comments yesterday from a senior US official that US interest rates could go even lower worsened sentiment.

The immediate outlook for the dollar depends on today's Bundesbank intervention in the German money markets. Yesterday, German call money was virtually unchanged at 9.70-75 per cent, narrowly below the Lombard rate. If the Bundesbank adds liquidity to the market, reducing the rate for call money, the dollar could rally on easier monetary conditions. If the Bundesbank keeps conditions tight, the market will anticipate further intervention to stop the dollar going into free-fall.

FINANCIAL FUTURES AND OPTIONS

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
100	100.00	100.00	100.00
101	101.00	101.00	101.00
102	102.00	102.00	102.00
103	103.00	103.00	103.00
104	104.00	104.00	104.00
105	105.00	105.00	105.00
106	106.00	106.00	106.00
107	107.00	107.00	107.00
108	108.00	108.00	108.00
109	109.00	109.00	109.00
110	110.00	110.00	110.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
111	111.00	111.00	111.00
112	112.00	112.00	112.00
113	113.00	113.00	113.00
114	114.00	114.00	114.00
115	115.00	115.00	115.00
116	116.00	116.00	116.00
117	117.00	117.00	117.00
118	118.00	118.00	118.00
119	119.00	119.00	119.00
120	120.00	120.00	120.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
121	121.00	121.00	121.00
122	122.00	122.00	122.00
123	123.00	123.00	123.00
124	124.00	124.00	124.00
125	125.00	125.00	125.00
126	126.00	126.00	126.00
127	127.00	127.00	127.00
128	128.00	128.00	128.00
129	129.00	129.00	129.00
130	130.00	130.00	130.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
131	131.00	131.00	131.00
132	132.00	132.00	132.00
133	133.00	133.00	133.00
134	134.00	134.00	134.00
135	135.00	135.00	135.00
136	136.00	136.00	136.00
137	137.00	137.00	137.00
138	138.00	138.00	138.00
139	139.00	139.00	139.00
140	140.00	140.00	140.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
141	141.00	141.00	141.00
142	142.00	142.00	142.00
143	143.00	143.00	143.00
144	144.00	144.00	144.00
145	145.00	145.00	145.00
146	146.00	146.00	146.00
147	147.00	147.00	147.00
148	148.00	148.00	148.00
149	149.00	149.00	149.00
150	150.00	150.00	150.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
151	151.00	151.00	151.00
152	152.00	152.00	152.00
153	153.00	153.00	153.00
154	154.00	154.00	154.00
155	155.00	155.00	155.00
156	156.00	156.00	156.00
157	157.00	157.00	157.00
158	158.00	158.00	158.00
159	159.00	159.00	159.00
160	160.00	160.00	160.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
161	161.00	161.00	161.00
162	162.00	162.00	162.00
163	163.00	163.00	163.00
164	164.00	164.00	164.00
165	165.00	165.00	165.00
166	166.00	166.00	166.00
167	167.00	167.00	167.00
168	168.00	168.00	168.00
169	169.00	169.00	169.00
170	170.00	170.00	170.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
171	171.00	171.00	171.00
172	172.00	172.00	172.00
173	173.00	173.00	173.00
174	174.00	174.00	174.00
175	175.00	175.00	175.00
176	176.00	176.00	176.00
177	177.00	177.00	177.00
178	178.00	178.00	178.00
179	179.00	179.00	179.00
180	180.00	180.00	180.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
181	181.00	181.00	181.00
182	182.00	182.00	182.00
183	183.00	183.00	183.00
184	184.00	184.00	184.00
185	185.00	185.00	185.00
186	186.00	186.00	186.00
187	187.00	187.00	187.00
188	188.00	188.00	188.00
189	189.00	189.00	189.00
190	190.00	190.00	190.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
191	191.00	191.00	191.00
192	192.00	192.00	192.00
193	193.00	193.00	193.00
194	194.00	194.00	194.00
195	195.00	195.00	195.00
196	196.00	196.00	196.00
197	197.00	197.00	197.00
198	198.00	198.00	198.00
199	199.00	199.00	199.00
200	200.00	200.00	200.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
201	201.00	201.00	201.00
202	202.00	202.00	202.00
203	203.00	203.00	203.00
204	204.00	204.00	204.00
205	205.00	205.00	205.00
206	206.00	206.00	206.00
207	207.00	207.00	207.00
208	208.00	208.00	208.00
209	209.00	209.00	209.00
210	210.00	210.00	210.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
211	211.00	211.00	211.00
212	212.00	212.00	212.00
213	213.00	213.00	213.00
214	214.00	214.00	214.00
215	215.00	215.00	215.00
216	216.00	216.00	216.00
217	217.00	217.00	217.00
218	218.00	218.00	218.00
219	219.00	219.00	219.00
220	220.00	220.00	220.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
221	221.00	221.00	221.00
222	222.00	222.00	222.00
223	223.00	223.00	223.00
224	224.00	224.00	224.00
225	225.00	225.00	225.00
226	226.00	226.00	226.00
227	227.00	227.00	227.00
228	228.00	228.00	228.00
229	229.00	229.00	229.00
230	230.00	230.00	230.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
231	231.00	231.00	231.00
232	232.00	232.00	232.00
233	233.00	233.00	233.00
234	234.00	234.00	234.00
235	235.00	235.00	235.00
236	236.00	236.00	236.00
237	237.00	237.00	237.00
238	238.00	238.00	238.00
239	239.00	239.00	239.00
240	240.00	240.00	240.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
241	241.00	241.00	241.00
242	242.00	242.00	242.00
243	243.00	243.00	243.00
244	244.00	244.00	244.00
245	245.00	245.00	245.00
246	246.00	246.00	246.00
247	247.00	247.00	247.00
248	248.00	248.00	248.00
249	249.00	249.00	249.00
250	250.00	250.00	250.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
251	251.00	251.00	251.00
252	252.00	252.00	252.00
253	253.00	253.00	253.00
254	254.00	254.00	254.00
255	255.00	255.00	255.00
256	256.00	256.00	256.00
257	257.00	257.00	257.00
258	258.00	258.00	258.00
259	259.00	259.00	259.00
260	260.00	260.00	260.00

LIFE LINE FUTURES OPTIONS			
Symbol	Settle	Open	Close
261	261.00	261.00	261.00
262	262.00	262.00	262.00
263	263.00	263.00	263.00
264	264.00	264.00	264.00
265	265.00	265.00	265.00
266	266.00	266.00	266.00
267	267.00	267.00	267.00
268	268.00	268.00	268.00
269	269.00	269.00	269.00
270	270.00	270.00	270.00

MONEY MARKET

Trust Funds

MONEY MARKET			
Symbol	Settle	Open	Close
100	100.00	100.00	100.00
101	101.00	101.00	101.00
102	102.00	102.00	102.00
103	103.00	103.00	103.00
104	104.00	104.00	104.00
105	105.00	105.00	105.00
106	106.00	106.00	106.00
107	107.00	107.00	107.00
108	108.00	108.00	108.00
109	109.00	109.00	109.00
110	110.00	110.00	110.00

LUFFE SHORT STERLING OPTIONS £50,000 points of 180%				
Strike	Cells-settlements		Puts-settlements	
Settle	Dec	Jan	Sett	Jan
8575	0.96	1.10	0	0.66
8600	0.72	0.89	0.01	0.10
8625	0.48	0.69	0.02	0.15
8650	0.25	0.51	0.04	0.22
8675	0.08	0.35	0.12	0.31
8700	0.03	0.24	0.32	0.43
9025	0.01	0.04	0.95	0.60
9050	0	0.00	0.79	0.80
Estimated value total, Cells 3515 Puts 3365				
Previous day's open bid, Cells 115615 Puts 90079				

3:00 pm prices August 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

Samsung 4HD Hi-Fi VCI
VT-2870



Jog & Shuttle Auto Tracking



SAMSUNG
Electronics

Technology that works for life.

Continued on next page.

AMERICA

Dow pulled down by several sell programs

Wall Street

AMID confusing cross-currents from overseas stock and currency markets, US share prices eased across the board yesterday morning under the weight of several computer sell programs, writes Patrick Harverson in New York.

By 12.30 pm the Dow Jones Industrial Average was down 13.23 at 3,324.35. The more broadly based Standard & Poor's 500 was also lower at mid-session, down 2.07 at 417.35, and the Nasdaq composite was 4.27 lower at 604.19. Turnover on the NYSE was 89m shares by 12.30 pm.

Once again declines in foreign markets overnight set the tone for a downbeat opening to New York trading. The vulnerability of the dollar, which needed fresh support from world central banks yesterday, also troubled US investors, although another fall in long-term bond yields, which now stand at their lowest levels for five years, provided

some support for sentiment.

Against such a confusing background, computer program trades provided the market with its direction. After one buy program had helped prices in early trading, a series of sell programs sent the Dow tumbling almost 20 points in mid-morning. The light volume exaggerated the effect of these programs on the major equity indices.

Among individual stocks, Philip Morris fell 1¢ to \$79.4 in active trading after the brokerage house, Kidder Peabody, lowered its investment rating from "buy" to a "hold" citing the stock's recent gains.

The most actively traded sector was car stocks. General Motors slipped 5¢ to \$37.1 in turnover of 1.2m shares. Ford slipped 5¢ to \$41.4 and Chrysler edged 5¢ higher to \$21. After a delayed opening due to an order imbalance on the active side, US Surgical plunged 7¢ to \$73 in turnover of 2.5m shares following a downgrade from the brokerage house, Shearson Lehman Brothers.

Various retailers released a mixed bag of second quarter results which produced a contrarian response from investors. The Limited rose 5¢ to \$20.4, in spite of flat earnings, while JC Penney, which has risen steadily all year, fell 1¢ to \$70.4 after reporting a big rise in net income to \$80m, and Wal-Mart eased 5¢ to \$57.4 on news of a 21.5 per cent improvement in earnings to \$420m.

On the Nasdaq market, some technology and communications stocks were hit by brokers' downgrades, among them LM Ericsson, down 1¢ to \$20.4, and America Online, 1¢ lower at \$13.4.

Canada

TORONTO managed a slight rise by mid-session although trading remained dull.

The TSX 300 composite index was up 2.3 at 3,411.0 in volume of 5.9m shares.

Declines led advances by 130 to 104 with transactions valued at C\$82.7m.

Pakistani shares lose the lustre of 1991

Farhan Bokhari profiles the bottom performer among emerging markets last month

UP WITH the Latin America leaders last year, Pakistan hit trouble in July and slipped 15.8 per cent in dollar terms, the worst decline in the emerging markets list from the IFP, part of the World Bank.

There has been a recovery this week and last but the Karachi Stock Exchange (KSE) index is still 151.75 below the 1,520.90 registered on July 1, when the new financial year began, and 375.42, or 22 per cent below its 1992 high of 1,714.37 on January 7.

Political uncertainty loomed recently after a split within Prime Minister Nawaz Sharif's ruling alliance, the IDA (Islamic Democratic Alliance). A Karachi-based regional ethnic party, the MQM (Muhajir Qaumi Movement) broke ranks with Mr Sharif, after an army-backed crackdown against its members, allegedly for running torture cells to victimise opponents.

That immediately raised fears of economic and commercial repercussions. Karachi, the country's most important port and centre of banking and corporate activity, is largely con-

trolled by the MQM. A rift with the ruling alliance has raised the possibility of MQM-backed street agitation or other forms of disturbances which would disrupt life in the city.

"For now, the presence of army troops in the city has helped to restore some confidence, but that may last only until the army is called back to its barracks," says one leading businessman.

However, there are other reasons for the fall in equities this year. Last December, an Islamic court handed down a ruling which required all banks to eliminate pre-determined interest or usury, known as "Riba", by the end of June this year, because the practice is considered unlawful under Islamic codes. The government has now appealed the ruling to Pakistan's supreme court.

During the first six months of this year, sentiment was dulled by concerns that the judgment, if enforced, would have implications for the country's financial sector. Now, many investors are watching to see the outcome of the supreme court's decision.

IFC EMERGING MARKETS PRICE INDICES						
Market	No. of stocks	Dollar terms			Local currency terms	
		Jul 31 1992	% Change over month	% Change on Dec '91	Jul 31 1992	% Change over month
Latin America						
Argentina	(22)	1,159.63	-11.6	-9.7	63,861,834	-11.2
Brazil	(59)	112.52	+6.0	+7.3	144,747,303	+29.3
Chile	(35)	2,022.59	-1.4	+31.2	5,688,771	+3.1
Colombia	(20)	1,137.95	+15.1	+48.6	8,058,800	+16.4
Mexico	(66)	1,508.27	-0.7	+4.1	24,310,611	-1.0
Venezuela	(17)	528.88	-0.2	-21.8	4,674,633	+1.4
East Asia						
South Korea	(81)	204.14	-6.6	-28.6	194,541	-6.8
Philippines	(30)	1,879.19	-5.6	+37.7	2,448,955	-7.0
Taiwan, China	(70)	543.30	-10.6	-15.7	340.18	-9.4
South Asia						
India	(62)	336.34	-9.8	+22.2	758.16	-11.1
Indonesia*	(63)	69.28	-0.9	+24.2	78.22	-0.9
Malaysia	(62)	169.05	+1.2	+17.7	174.32	+1.1
Pakistan	(38)	252.75	-15.8	-20.8	411.29	-16.8
Thailand	(51)	335.28	-3.6	+5.7	315.08	-3.4
Euro/Mid East						
Greece	(32)	385.23	-4.7	-6.9	543.78	-6.9
Jordan	(27)	98.73	-3.8	+2.7	171.42	-4.0
Portugal†	(30)	438.23	+1.3	+1.3	351.16	-0.2
Turkey‡	(25)	46.98	-11.2	-45.8	421.93	-25.2

Source: International Finance Corporation. Base date: Dec 1984 = 100. *Dec 1985 = 100, †Jan 1988 = 100, ‡Dec 1988 = 100.

In addition, many investors are nervous over the worldwide decline in the cotton price. This means a lower profitability in the textile sector, and approximately one-third of KSE's 606 listed companies are

textiles related. Despite recent trends, the KSE's President, Mr Arif Habib, continues to be optimistic, pointing to a rise in market turnover from last year's average of some 2.4m shares a day

to 2.8m this year, and continued corporate interest in floating new shares on the market. Since January last year, he says, 150 new companies have been registered on the KSE.

South African equities fall as De Beers loses 6 per cent

DE BEERS' warning of a substantial cut in its final dividends saw over R3.2bn wiped off the market capitalisation of the diamond giant and its associated companies, Anglo, Anamint and JCL.

De Beers, which reported its half-year results at midday, dropped R4.50, or 6.2 per cent to R68.50 in active trade after a R2 fall on Monday, while Anglo fell R3 to R109.75 and Ana-

minit, which has an effective 25 per cent share of De Beers linked units, fell R6 or 7.2 per cent to R77. JCL lost R1 to R57.

For the Johannesburg market, this helped outweigh a relatively flat performance in industrial, only 9 lower at 4,158, and the overall index dropped 37 to 3,309. The gold index, depressed by the weak bullion price, was off 10 at 994.

EUROPE

Dollar support credited for intraday recovery

CONCERTED support for the dollar was one reason why bourses recorded an intraday recovery yesterday, but not all dealers were convinced by this argument, writes Our Markets Staff.

FRANKFURT closed at new 1992 lows but well above its worst, the DAX index ending 17.95, or 1.1 per cent lower after a drop of 14.02, or 2.2 per cent to 614.07 in the FAZ at mid-session.

Turnover rose from DM4.2bn to DM6.1bn. Ms Barbara Altmann at B Metzler in Frankfurt attributed the turnaround to a little foreign buying as the DAX approached its support level of 1,550 - its intraday low was 1,551.39 - and some subsequent short covering.

The market gave its worst treatment to retailers and construction groups which, until recently, still seemed to have stories to tell in higher consumption prospects, and the rebuilding of east Germany.

Yesterday Karstadt and Bilfinger & Berger, both high quality stocks, led their sectors down with falls of DM18 to DM579.50, and DM33 to DM837. Both are now approaching their lows for the year.

PARIS fell for the fourth consecutive day as the CAC 40 index gave up 17.43 to 1,737.80 in turnover of some FF1.38bn. Alcatel Alsthom was the most active stock and fell in line with the market to close down FF18 at FF622.

The computer services group, Cap Gemini, was affected by a revision of an analyst's 1992 EPS forecast,

FT-SE Eurotrack 100 - Aug 11

Hourly changes						
Open	10.30am	11am	12pm	2pm	3pm	Close
1047.60	1044.80	1040.76	1041.82	1042.94	1046.56	1046.88
Day's High 1047.63 Day's Low 1040.76						
Aug 10	Aug 7	Aug 6	Aug 5	Aug 4		
1049.88	1067.01	1078.71	1081.21	1076.44		

Base value 1000 (25/10/90).

falling FF14.30 or 6.8 per cent to FF194.00. Moulinex was also hit by a downgrade and closed FF4 lower at FF120.

A 5 per cent rise in first half turnover at Lyonnaisse des Eaux-Dumez helped it close unchanged at FF493.00. However, a 20 per cent increase in turnover did not help the insurer, UAP, down FF11.20 at FF388.50.

MILAN reported very thin trade as the Comit index fell 5.27 to 401.49. Fiat closed 1.6 per cent lower at L4.310 and fell to L4.225 after hours.

On the screen market, the telecoms company Sip was the most heavily traded stock, and closed unchanged at L1.145. At the other end of the spectrum, Mr Carlo De Benedetti's industrial holding company, Cir, fell L83 to L1.250.

ZURICH extended its showing of relative strength, the SMI index posting a rise of 0.3 to 1,800.2. Interest focused on selected chemicals in low overall volume. Roche certificates topped the active list as they rose SF50 to SF13.430.

AMSTERDAM was depressed by a batch of gloomy results which dissipated any relief in satisfactory half year figures from Polygram. The music and

film group was one of the few stocks to buck the trend, closing up FI 1.00 at FI 45.50 while the CBS Tendency index closed down 1.0 at 113.0.

Hooqovens fell 80 cents to FI 38.30 on disappointing results while KLM lost 50 cents to FI 30.10 on losses at Northwest Airlines. DAF continued to weaken, down FI 1.20 at FI 17.50. Fokker eased FI 1.10 to FI 22.80, reporting worse-than-expected interim profits after the close.

BRUSSELS suffered from a further setback in Petrofina which closed down BF320, or 3.1 per cent at BF9,830. Some analysts said that the oil group remains depressed after last week's disappointing first half results. The Bel-20 index lost 10.66 to 1,114.78.

MADRID's general index fell 4.29 to 289.57 in low turnover of P47bn. Banks were weak with Santander losing Pt110 to Pt33.310.

VIENNA reacted to declines elsewhere on the continent and fell to another all time low. The ATX index closed down 18.28 at 683.45.

ISTANBUL rose on pleasing first half results. The 75-share index advanced 72.73 or 1.85 per cent to 4,012.51.

ASIA PACIFIC

Tokyo extends slide and closes below 15,000

Tokyo

THE Nikkei average extended its slide to a fourth consecutive day, closing below the 15,000 level for the first time since March 1986, writes Emiko Terazono in Tokyo.

The index fell 243.78 to 14,822.56, a four-day loss of 7.3 per cent. It rose to the day's high of 15,172.72 in the morning but hit a low of 14,777.90 just before the close as small lot selling by individuals and futures-linked trading depressed sentiment.

Volume declined to 190m shares from 201m. Declines led advances by 788 to 98, with 108 unchanged, and a total of 548 issues fell to new lows for the year. The Topix index, all first section stocks lost 21.76 to 1,126.80 while, in London, the ISE/Nikkei 50 index rose 1.68 to 933.46.

Fears over bankruptcies among companies with high exposure to the stock and real estate markets resurfaced and prompted short-selling.

The plunge in share prices, however, raised hopes of further monetary easing, causing a rally on the government bond market. The yield on the No 129 10-year benchmark bond fell 0.036 percentage points to 4.985 per cent, and short-term money market rates also eased on anticipation of lower interest rates.

Comments by government officials that measures to prop up share prices may be brought forward have had little effect on sentiment. Furthermore, proposals to buy land placed as collateral at the banks, or to invest postal savings funds in the stock market have not provided fresh trading incentives.

"The longer the government takes to implement economic measures such as the supplementary budget, the slimmer the effects will be," said Mr Robert Feldman at Salomon Brothers.

Speculators continued to liquidate issues bought on margin. Okamoto Industries, the most active issue of the day, fell Y42 to Y325, and Meiji Milk

Products lost Y31 to Y229.

Companies famous for their stock market investments in the late eighties plunged. Hanwa, the steel trader, fell Y142 to Y928 and Hazama, the construction company, fell Y35 to Y290. Nippon Credit Bank, which faces mounting bad property-related loans, declined by its daily limit of Y500 to Y3,600.

Nippon Telegraph and Telephone fell Y2,000 to Y465,000. The share has fallen 19.3 per cent over the past four trading days. In Osaka, the OSE average fell 317.75 to 16,014.06 with 11.4m shares traded.

Roundup

TOKYO's decline again affected sentiment and most of the region's markets were dragged lower.

HONG KONG saw moderate gains, influenced by the futures market trading. The Hang Seng index advanced 18.81 to 5,896.75 in turnover of HK\$1.83bn.

Hutchison Whampoa was the most actively traded share after its share placement on Monday but it closed unchanged at HK\$15.50. Cheung Kong rose 20 cents to HK\$23.80.

SEOUL fell but reports that the government may announce the award of the country's second telecom contract next week helped bidding companies. Samsung and Yukong, which have bid for the contract, both rose Won1,000 to Won21,500 and Won23,500 respectively.

The composite stock index shed 5.43 to 502.45 in turnover of Won102bn.

TAIWAN finished mixed as most investors remained on the sidelines. The weighted index closed up 6.55 at 3,958.28 in low turnover of T\$17.6bn.

Cement, food and plastic shares fell slightly but other sectors were up.

MANILA was largely unmoved by the resignation of one of President Fidel Ramos's close aides. The composite index lost 0.02 to 1,445.67 in combined turnover of 205m pesos.

SINGAPORE lost 2.2 per cent as foreign investors sold bank stocks and blue chips. The Straits Times Industrial Index closed down 31.68 at 1,392.81 in turnover of S\$94.2m.

Development Bank of Singapore foreign shares ended 90 cents lower at S\$12.00 with some 401,000 shares traded. Oversea-Chinese Banking for-

eign shed 90 cents to S\$11.80 in volume of 757,000 shares.

KUALA LUMPUR was pulled higher by Telekom which gained 30 cents to M\$14.10. The composite index closed 3.64 higher at 597.80.

Resorts World fell 40 cents to M\$6.60 after reporting flat half-year earnings.

AUSTRALIA fell as the local currency weakened against the US dollar. The All Ordinaries closed down 4.6 at 1,587.6 in turnover of A\$144.4m.

Alcan closed up 1 cent at A\$1.72 after reporting a better-than-expected interim loss of A\$0.5m.

NEW ZEALAND's NZSE 40 index closed 8.53 lower at 1,514.68.

BOMBAY rose strongly in spite of a bout of late profit-taking. The BSE index closed up 24.44 at 2,633.42.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY AUGUST 10 1992										FRIDAY AUGUST 7 1992										DOLLAR INDEX	
	US Dollar Index	Day's Change %	Point	Yan Index	Ind	Local Currency Index	Local Currency Index	Yan Index	Ind	Local Currency Index	Local Currency Index	Yan Index	Ind	Local Currency Index	Local Currency Index	Yan Index	Ind	1992 High	1992 Low	Year ago (approx)		
Australia (68)	138.72	+0.3	106.73	112.28	105.80	125.30	105.5	137	138.31	106.28	111.43	105.31	124.61	153.68	138.31	148.62	138.31	148.62	138.31	148.62		
Austria (19)	142.36	-2.2	109.53	115.23	108.59	108.77	108.5	142.36	145.56	111.85	117.27	108.31	111.62	158.70	142.36	172.00	142.36	172.00	142.36	172.00		
Belgium (42)	146.47	-0.8	112.89	118.55	111.71	109.09	109.0	146.47	111.84	108.48	118.91	112.45	108.99	152.37	146.47	163.87	146.47	163.87	146.47	163.87		
Canada (114)	127.74	-0.3	98.28	103.39	97.42	109.80	109.8	127.74	103.39	97.42	109.80	127.74	103.39	97.42	109.80	127.74	103.39	97.42	109.80	127.74		
Denmark (35)	233.59	-1.9	179.72	189.08	178.16	179.58	179.5	233.59	179.58	178.16	179.58	233.59	179.58	178.16	179.58	233.59	179.58	178.16	179.58	233.59		
Finland (15)	167.35	-1.2	121.07	127.38	120.00	122.95	122.9	167.35	122.95	120.00	122.95	167.35	122.95	120.00	122.95	167.35	122.95	120.00	122.95	167.35		
France (104)	157.25	-1.0	54.27	57.10	53.80	59.57	59.5	157.25	54.27	54.66	57.31	54.17	60.19	68.80	57.31	68.80	57.31	68.80	57.31	68.80		
Germany (84)	118.88	-1.5	91.31	96.08	90.51	90.51	90.5	118.88	91.31	93.44	96.04	91.70	91.70	91.70	91.70	91.70	91.70	91.70	91.70	91.70		
Hong Kong (53)	243.60	+0.0	187.42	197.17	185.80	241.80	241.8	243.60	187.42	187.42	197.17	185.80	241.80	241.80	241.80	241.80	241.80	241.80	241.80	241.80		
Ireland (16)	156.80	-0.1	49	50	49	50	50	156.80	49	50	50	49	50	50	49	50	50	49	50	50		
Italy (47)	135.84	-0.1	120.40	126.68	115.35	121.65	121.6	135.84	120.40	126.68	115.35	121.65	121.65	121.65	121.65	121.65	121.65	121.65	121.65	121.65		
Japan (473)	63.84	-2.8	49.12	51.67	48.89	52.93	52.9	63.84	49.12	51.67	48.89	52.93	52.93	52.93	52.93	52.93	52.93	52.93	52.93	52.93		
Malaysia (59)	204.72	-0.2	160.75	172.33	166.16	172.33	172.3	204.72	160.75	172.33	166.16	172.33	172.33	172.33	172.33	172.33	172.33	172.33	172.33	172.33		
Mexico (15)	1401.21	+0.5	1076.06	1134.17	1068.89	1054.76	1054.7	1401.21	1076.06	1134.17	1068.89	1054.76	1054.76	1054.76	1054.76	1054.76	1054.76	1054.76	1054.76	1054.76		
Netherlands (22)	169.85	-1.2	123.75	130.19	122.68	121.43	121.4	169.85	123.75	130.19	122.68	121.43	121.43	121.43	121.43	121.43	121.43	121.43	121.43	121.43		
New Zealand (14)	140.21	-1.6	134.42	38.22	34.12	43.73	43.7	140.21	134.42	38.22	34.12	43.73	43.73	43.73	43.73	43.73	43.73	43.73	43.73	43.73		
Norway (35)	209.97	-0.1	158.47	162.67	153.28	149.05	149.0	209.97	158.47	162.67	153.28	149.05	149.05	149.05	149.05	149.05	149.05	149.05	149.05	149.05		
South Africa (61)	209.80	-0.9	167.42	169.81	160.01	161.01	161.0	209.80	167.42	169.81	160.01	161.01	161.01	161.01	161.01	161.01	161.01	161.01	161.01	161.01		
Spain (46)	138.22	-0.9	101.11	112.69	106.18	96.83	96.8	138.22	101.11	112.69	106.18	96.83	96.83	96.83	96.83	96.83	96.83	96.83	96.83	96.83		
Sweden (50)	184.91	-0.2	142.66	146.67	141.03	140.94	140.9	184.91	142.66	146.67	141.03	140.94	140.94	140.94	140.94	140.94	140.94	140.94	140.94	140.94		
Switzerland (52)	111.64	-1.2	136.54	145.34	134.34	136.54	136.5	111.64	136.54	145.34	134.34	136.54	136.54	136.54	136.54	136.54	136.54	136.54	136.54	136.54		
United Kingdom (226)	177.47	-1.2	136.54	145.34	134.34	136.54	136.5	177.47	136.54	145.34	134.34	136.54	136.54	136.54	136.54	136.54	136.54	136.54	136.54	136.54		
USA (522)	770.87	+0.1	131.46	138.31	130.33	138.31	138.3	770.87	131.46	138.31	130.33	138.31	138.31	138.31	138.31	138.31	138.31	138.31	138.31	138.31		
Australia (730)	145.25	-1.3	111.75	117.67	110.78	111.75	111.7	145.25	111.75	117.67	110.78	111.75	111.75	111.75	111.75	111.75	111.75	111.75	111.75	111.75		
Brazil (103)	96.36	-2.2	131.46	138.31	130.33	138.31	138.3	96.36	131.46	138.31	130.33	138.31	138.31	138.31	138.31	138.31	138.31	138.31	138.31	138.31		
Canada (715)	178.92	-2.7	74.11	77.96	73.48	78.95	78.9	178.92	74.11	77.96	73.48	78.95	78.95	78.95	78.95	78.95	78.95	78.95	78.95	78.95		
China (1906)	126.17	-2.0	83.33	93.97	88.55	92.52	92.5	126.17	83.33	93.97	88.55	92.52	92.52	92.52	92.52	92.52	92.52	92.52	92.52	92.52		
Europe (115)	115.17	+0.1	123.38	138.93	128.28	168.71	168.7	115.17	123.38	138.93	128.28	168.71	168.71	168.71	168.71	168.71	168.71	168.71	168.71	168.71		
Hong Kong (242)	165.02	+0.1	126.87	135.84	95.67	97.25	97.2	165.02	126.87	135.84	95.67	97.25	97.25	97.25	97.25	97.25	97.25	97.25	97.25	97.25		
Japan (1589)	118.33	-1.9	91.74	95.09	90.25	92.52	92.5	118.33	91.74	95.09	90.25	92.52	92.52	92.52	92.52	92.52	92.52	92.52	92.52	92.52		
USA (1992)	131.13	-1.0	100.89	106.14	100.02	116.27	116.2	131.13	100.89	106.14	100.02	116.27	116.27	116.27	116.27	116.27	116.27	116.27	116.27	116.27		
World (1738)	154.57	-1.1	103.81	107.10	102.72	117.67	117.6	154.57	103.81	107.10	102.72	117.67	117.67	117.67	117.67	117.67	117.67	117.67	117.67	117.67		
World Ex. Japan (1747)	160.45	-0.4	122.45	129.88	122.39	144.55	144.5	160.45	122.45	129.88	122.39	144.55	144.55	144.55	144.55	144.55	144.55	144.55	144.55	144.55		
World Index (2220)	135.13	-1.1	103.87	109.38	103.07	118.13	118.1	135.13	103.87	109.38	103.07	118.13	118.13	118.13	118.13	118.13	118.13	118.13	118.13	118.13		